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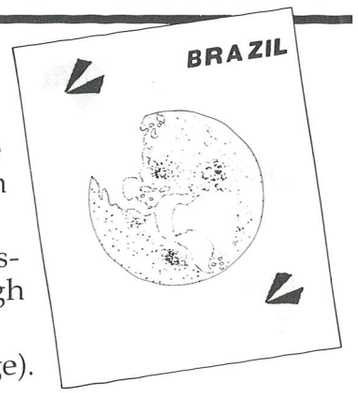

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Report on the Americas

Volume XXI Number 2 ☐ March/April 1987

2 **On the Record**

3 **Taking Note**

4 **BRAZIL**
Stabilization Shock
by Helen Shapiro and Gesner Oliveira Filho
President José Sarney's announcement of a moratorium on debt payments marked the formal death notice for the Cruzado Plan. An innovative approach to stabilization, the plan tried to overcome the limitations of the traditional IMF approach. Helen Shapiro and Gesner Oliveira explore the reasons why it failed and its implications for future policy.

7 **EL SALVADOR**
Medea's Children
by Mark Fried
Long a favorite in U.S. development strategies for El Salvador, agricultural co-ops are now perceived as a threat. Since last September, more than 50 rural co-op leaders have been abducted by security forces, making others shun leadership positions for fear they might be viewed as subversive. NACLA researcher Mark Fried looks at the roots and implications of this policy.

9 **BORN-AGAIN WAR**
The Low-Intensity Mystique
by Holly Sklar
In her response to *The Real War*, Sara Miles' *Report* on low-intensity conflict (LIC) in Central America, Holly Sklar argues that LIC rhetoric has mystified the war, and that a reading of the primary sources does not support Miles' interpretation.

11 **In Review**

13 THE NACLA REPORT

THE ISRAELI CONNECTION: Guns and Money in Central America

14 **A Special Relationship**
by Milton Jamail and Margo Gutierrez
"It's like Israel has become just another federal agency," commented an Israeli analyst, "one that's convenient to use when [the U.S. government] wants something done quietly." The Iran/*contra* scandal has drawn attention to the long taboo subject of the Israeli role in Central America. Yet Tel Aviv's involvement goes beyond the requirements of being Washington's "strategic asset." What's in it for the Israelis?

18 **Israel: The Contras' Secret Benefactor**
by Jane Hunter
Ronald Reagan is right, argues the author, it *was* the Israelis' idea to divert weapons profits to the *contras*. In a special exposé, Israel expert Jane Hunter unveils the scandal's unexamined angle, the Tel Aviv connection.

25 **Getting Down to Business**
by Milton Jamail and Margo Gutierrez
Defense Minister Ariel Sharon "sold us arms," said a Honduran government functionary. "Reagan only uttered platitudes. . . ." The Israelis have shown their interest in doing business—from selling sophisticated jet-fighters to helping Salvadorean peasants produce goose liver paté.

31 **Guatemala: The Paragon**
by Milton Jamail and Margo Gutierrez
"We would rather sell [the Guatemalans] toys," an Israeli Embassy official told a journalist in Guatemala City, "but it is weapons they want to buy. . . ." Picking up where Washington left off, Israel has become the Guatemalan armed forces' largest supplier. But the aid goes well beyond hardware, providing sophisticated technology in support of a new social model.

On the Record

Schwepps, or Perrier?

"When you are in the desert and you're dying of thirst . . . you don't ask if the water they are giving you is Schwepps or Perrier," said [Adolfo] Calero, the former manager of the Coca-Cola plant in Managua. "And you don't ask if they have a case of it or two cases. You drink the damn thing. And that's what I was doing."

The Washington Post
March 6, 1987

To Skin a Cat

The Citizen, a weekly San Diego newspaper, quoted [President Reagan's brother] Neil Reagan as saying: "He went to Congress and asked Congress for the money and was turned down. So, knowing this I bet he just went back to his office and said, 'There's more than one way to skin a cat. Get ahold of those guys down in Iran and see if they want some armaments.' Then he was under no obligation to go to anyone and say, 'Can I have a couple of bucks for the contras?' "

The Washington Post
March 6, 1987

Shredder Business Booms

Those in the shredder business hope that all the attention over the machines will cause people to buy them for their personal use.

"I don't mean to gloat," said Mr. Greenwald, of [a] New York shredder manufacturer. "I'm as embarassed as anyone else about what's going on in the Government. But I'm glad I'm in this business right now."

The New York Times
December 3, 1986

Contra Support Beyond the Grave

Robin Moore, author of *The Green Berets* and *The French Connection*, will [soon] complete *The Olmec Jade*, a 422-page manuscript. Since '82, Robin has made four trips to Honduras, one to Nicaragua. Green Berets and ex-Marines have gotten him close to "the toughest fighters the Contras have, Central America's Miskito Indians."

Robin, who's helping the Miskitos peddle their national treasures, says: "They've been digging up 800-year old graves. It isn't desecration. It's belief that their ancestors manufactured this gold and jade for when they'd need the items in the future. Now the Miskitos need this stuff for their ongoing fight. Fifty percent of the sales goes to fund the Contras."

No longer commuting south of the border, Moore is now willing to let me tell his story. He will also now admit Lt. Col. Oliver North was his connection.

"North's my good friend. He got the Indians to get me into the graves. He's in my book, but he's disguised."

New York Post
April 29, 1987

Millions of Watergate Deaths

Reed Irvine, chairman of Accuracy in Media Inc. . . . likens the current reporting [on the Iran-*contra* scandal] to that of the Watergate era, which he says . . . "resulted in death and disaster for millions of people . . . Had the Watergate break-in never been discovered, or had it been passed over as a minor news story, no great harm would have befallen the nation."

The New York Times
January 10, 1987

Of Facts Forgotten

In addition to the things he said he forgot, there are several important facts that Mr. Reagan said he never knew. For example, he told the commission Jan. 26 that he "did not know" the staff of the National Security Council had been helping the Nicaraguan rebels, known as contras.

The New York Times
February 28, 1987

In Memoriam

CASEY—WILLIAM J., on May 6, 1987, of Roslyn Harbor. . . . In lieu of flowers, donations may be made to the William J. Casey Fund for the Nicaragua Freedom Fighters.

The New York Times
May 7, 1987

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Taking Note

Washington's New Freedom Fighters?

WITH ONE "PRIVATE" AID NETWORK LAID bare, advocates of the Surinamese Liberation Army (SLA) are pushing Washington to support "one of the oldest freedom fighters in the hemisphere." The SLA is based among the Maroons or "Bush Negroes" of eastern Suriname, descendants of slaves who fled Dutch plantations in the 1700s. The Maroons have remained isolated politically and culturally, providing fertile ground for the activities of guerrilla leader Ronnie Brunswijk, a 25-year-old bank robber turned-freedom-fighter. Now, less than one year after Brunswijk's first attack on an Army outpost, the government in Paramaribo is reeling and the economy at a standstill.

At the end of March, the rebels established a Washington presence. Their calls for aid were amplified by Jeane Kirkpatrick and on the op-ed page of *The Wall Street Journal*, where Suriname was pronounced "an ideal setting for an application of the Reagan Doctrine." Although there is no sign that the Reagan Administration has taken the bait, no love has been lost on the nationalist regime of Lt. Col. Dési Bouterse. But if Washington *should* side with Brunswijk, "Bouterse's goose is cooked," as a Caribbean-based journalist put it.

Suriname achieved independence from the Netherlands in 1975, and was a parliamentary democracy until the 1980 coup when Bouterse seized power. Suriname's 350,000 people are divided among Creoles, Amerindians, Europeans, East Indians, Javanese and Maroons, which has meant that the country's political life has often more to do with ethnicity than with ideology. Bouterse and his ruling clique are Creole.

On independence, the Hague granted its former colony a $1.5 billion 10-year aid package, providing Suriname with the region's highest per capita gross domestic product. That distinction was to be short-lived. In 1982, Bouterse executed 15 of the opposition's top leaders, causing the Netherlands to suspend support. Coupled with falling prices for bauxite, which accounted for 80% of Suriname's foreign earnings and 40% of government revenues, the cutoff signaled the beginning of what may prove to be the end for Bouterse.

The State Department's most recent country report criticizes Surinam's human rights record, yet the Reagan Administration has had surprisingly little to say about Bouterse's left-leaning government. Fearing that Suriname might be next in line, the former Army sports instructor expelled 100 Cuban advisers following the 1983 invasion of Grenada, reportedly in response to firm prodding by Brazil. Libyan leader Mu'ammar Qaddafi visited in 1985 and promised $100 million in aid, which Paramaribo says has yet to materialize. What has materialized is intense speculation on the size and nature of the Libyan presence. Rumors abound of Libyan military advisers and atrocities committed by troops speaking a foreign language.

THE "BRUNSWIJK GANG," AS THE GOVERNment calls it, numbers only in the hundreds and is poorly equipped, according to eyewitness sources. Yet in this small society with an extremely vulnerable economy, their impact has been great. Brunswijk himself is said to be motivated more by a desire to settle old scores with Bouterse, whom he served as a bodyguard, than by any political vision. Dismissed from the Army, he turned to banditry, seeking cover in the eastern forests in which he was born. He began calling for Bouterse's ouster and attracted the attention of the Surinamese exile community in the Netherlands, which now provides the band's political and financial backing. A former president, physician Henk Chin-A-Sen, has thrown in his lot with Brunswijk, bringing with him his exile opposition group, the Liberation Council.

The guerrillas appear to have understood the importance of economic sabotage, which the government estimates at $65 million for the eight months of warfare. Idled for months, the bauxite industry resumed operations in April. The Alcoa/Royal Dutch Shell refinery is "in full swing," according to an Alcoa spokesman, while mines at Moengo and an aluminum smelter remain closed, leaving 1,900 jobless. The rebels—who control the eastern third of the country—have also successfully shut down two palm oil plantations and a lumber mill, paralyzed traffic and consistently hit electric pylons, causing rationing in the capital.

Pressured by Brunswijk as well as the economy, Bouterse's rule is falling apart in textbook fashion. Lack of foreign exchange has yielded shortages in basic goods, triggering demonstrations by housewives and students. Most schools have remained closed since February, when protestors—chanting "No Bread, No School"—clashed violently with police. The government is currently negotiating with the IMF, which—given the context—can name its terms. Observers say Bouterse will sign this summer, no doubt unleashing more unrest. Meanwhile, some 8,000 Maroons—who are largely of the Moravian faith—have sought refuge in neighboring French Guiana. Reports of civilian deaths and aerial bombardments abound.

Feeling the pinch, Bouterse has brought civilians into his cabinet and announced a timetable for return to constitutional rule. The first elections in 10 years are slated for November 25. If Kirkpatrick and friends get their way, Bouterse won't last that long.

THE REGION'S OTHER FREEDOM FIGHTERS, THE Nicaraguan *contras*, have claimed their first U.S. victim. Benjamin Linder, a 27-year-old engineer, was killed in April while at work in northern Jinotega province. Responding to the deaths of three European volunteers last summer, State Department spokesman Bernard Kalb had said: "The Government of Nicaragua clearly bears responsibility for any harm that befalls such persons." Yet we were somewhat unprepared for the callousness of Congressman Connie Mack (R-FL), addressing Linder's parents at a congressional hearing after his death: " . . . I don't want to be tough on you, but I really feel you have asked for it."

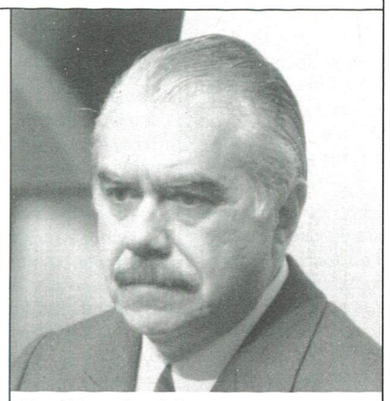
Thousands have died in Reagan's brutal war, yet North Americans who care deeply about Nicaragua were particularly pained by the murder of Benjamin Linder, who was known and loved by many. We hope his death will renew the commitment of those working for peace and justice in the hemisphere, and sober those who prosecute the war against Nicaragua. ■ **MLD**

BRAZIL
Stabilization Shock

BY HELEN SHAPIRO AND GESNER OLIVEIRA FILHO

On February 20, in an attempt to shore up Brazil's dwindling foreign exchange reserves and his own political capital, President José Sarney declared a moratorium on foreign debt payments. His announcement on Brazilian television marked the formal death notice for the year-old Cruzado Plan. Named for the new currency, the plan's promise of price stability and economic growth at first seemed to be fulfilled as growth rates topped 8% and inflation fell from an annual rate of 400% to less than 20%. *Business Week* was calling Brazil "the Third World's success story." In Brazil, the Plan's economic architects became celebrities overnight; their books, despite daunting titles such as *Zero Inflation* and *The Heterodox Shock*, hit the best-seller list. And Sarney, who had loyally served in all the previous military governments, became a popular hero.

Today, with inflation at an annual rate of 700%, no one is predicting "Swiss" inflation in Brazil any longer.* Most of the president's original economic team have left government, and economic policy is in disarray. When the newly elected Congress, which doubles as a Constituent Assembly, convened in Brasilia on February 1, Sarney made a grand entrance through the garage to avoid demonstrators out front—a sign of the extent to which he had staked his political fortune on the success of the Cruzado Plan.



United Nations

President José Sarney

The demise of the plan reflects the fragility of Brazil's two year-old democratic transition. It was an unorthodox, daring attempt by a weak president to gain much-needed legitimacy and a political base. Rather than working through political parties, Congress or other institutions, Sarney legislated the plan by decree, appealing directly to "the people." Nevertheless, it was an important and innovative approach to price stabilization in a country plagued by rampant inflation and unemployment. Unlike the "Miracle" (1968-1973) before it, the growth in the Cruzado's wake was not generated on the backs of the working class. While the plan provided an opportunity for more fundamental reform, it succumbed to inherent weaknesses and implementation dictated by the electoral calendar.

A Product of the 1980s

Launched in February 1986 amidst looming economic crisis and political floundering, the Cruzado Plan was a product of the turmoil of the 1980s. Following a series of ad hoc austerity measures in 1980 and 1981, an acute balance of payments crisis forced Brazil to go to the International Monetary Fund (IMF) in late 1982. Based on the IMF view that a trade deficit results from a country living beyond its means, a standard program of restrictive monetary and fiscal policy was attempted to cut back demand. Domestic credit was restricted and real interest rates soared. The *cruzeiro* was devalued by 30% in February 1983. The real public deficit—deemed the major catalyst to inflation—was drastically reduced by 1984.

Not surprisingly, these policies proved successful in restoring positive trade balances. As GNP fell, so did import demand. Meanwhile, in response to devaluation and the sluggish market at home, exports soared, topping imports by $6 billion in 1983 and by $12 billion in 1984 and 1985 and allowing Brazil to service its foreign debt without fresh loans.

But the IMF package, combined with a global recession, threw Brazil into the worst depression of its history. Domestic private investment plummetted. From 1980-1983, per capita income fell by 11%. Inflation, after falling slightly in 1981, soon leaped to over 200% in 1983 and 1984 and to over 400% in early 1986.

Skyrocketing inflation in the face of economic contraction led many Brazilian economists in search of alternative theory and policy. Like the Austral Plan in Argentina, the Cruzado was based on the idea that inflation in this context is essentially "inertial." Since the mid-1960s in Brazil, this has been formalized and exacerbated through indexation, or the periodic adjustment of contracts to correct for past inflation. For example, if inflation rises 100% during a contract period, nominal wages will rise to cover the increase, automatically perpetuating past inflation into the future.

This "inflationary memory" helps explain why IMF recessionary policies are ineffective in combatting inflation. Even as demand is cut today, costs and prices still reflect past inflation. While prices can ultimately be forced down in a recession, the consequence is economic hari-kiri.

Mission: Zero Inflation

In contrast to IMF austerity packages, the plan tried to address the inertial component of inflation through a freeze of prices, wages and exchange rates and fiscal restraint. A new "inflation proof" currency, the *cruzado*, sliced three zeroes from nominal prices in *cruzeiros*, the old currency. The conversion table for wages and other contracts in *cruzeiros* was constructed according to their real average value of the preceeding six-month period. And, with only a few exceptions, official indexation schemes were abolished.

Finally, a set of labor-related measures was added to make the Cruzado politically palatable. The minimum wage was raised by 15%, all workers received an 8% bonus and an unemployment insurance program was created for the first time. And, if inflation hit the 20% ceiling, automatic wage adjustments were guaranteed.

In essence, the Cruzado was an *emergency plan* to curb acute inflation and to provide space for complementary development plans and more structural reforms. In theory, once the system's "inflationary memory" had faded away, conventional economic policy tools would become more effective. Private investment was expected to resume as price stability reduced uncertainty and the profitability of speculation on the financial market.

This audacious plan was a last-ditch effort to win credibility by a weak president, and as such, reflected the fragility of the transition to civilian government after 20 years of military rule. The dramatic turn of events in 1985 was also a factor: president-elect Tancredo Neves' unexpected death and the succession of his running-mate, Sarney, shifted the political landscape. It is doubtful that Tancredo, an economic conservative, would have taken such unorthodox measures. Although not elected directly, he had broad popular support. His long political career, originating with Getulio Vargas,* had not been compromised under the military regime. Acceptable to both sides of the political spectrum, Tancredo, as he was commonly known, had a reputation for conciliation and was expected to use that authority to both negotiate better terms from Brazil's foreign creditors and implement social reforms.

Sarney, however, was a different story. Ex-president of the military's Democratic Social Party (PDS), he had been appointed vice-president as a political compromise. He lacked Tancredo's legitimacy and the clear support of the centrist Democratic Alliance—composed of the Party of the Brazilian Democratic Movement (PMDB) and the Liberal Front Party (PFL)—which had brought them to power.

After taking office, Sarney's political position weakened further. He appeared indecisive in the face of a worsening economic situation, refusing to implement promised reforms. Growth had resumed, yet inflation was speeding up. The Democratic Alliance was crumbling as progressive sectors of the PMDB began to publicly distance themselves from the Sarney government.

From Euphoria to Impasse

The announcement of the Cruzado Plan was greeted with enthusiasm. People wore buttons declaring themselves Sarney's "price inspectors," and crowds armed with price lists patrolled supermarkets, calling in the police to report unfair increases. McDonald's was closed down for illegal price hikes; others less lucky were sacked by angry crowds.

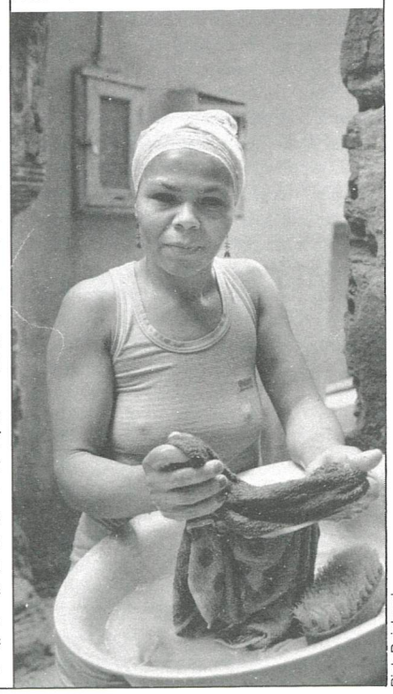
A consumer boom ensued, fed by wage increases, income redistribution and, after a few months, the expectation that the freeze wouldn't hold. Economic growth tightened labor markets, leading to further wage increases and expanded employment. In the plan's first three months, retail sales jumped by 25%.

Policy-makers and union leaders were slow to recognize the extent of income redistribution. Then-governor of Rio de Janeiro Leonel Brizola initially criticized the plan, predicting a drop in real wages. Indeed, the plan's creators insisted that redistribution was not an explicit goal. Although the impact on real wages is still unclear, those at the bottom of the income scale do seem to have benefitted, compensating for losses suffered in the early 1980s. Meanwhile, strike activity continued throughout this period, partly taking advantage of low unemployment.

Problems soon emerged, however. In May the first series of shortages struck and rapidly multiplied. Beef and other foodstuffs disappeared from the shelves. The middle class bought groceries at higher prices in the same stores where the poor waited in line. Accusing cattle-ranchers of hoarding, the government confiscated fattened cattle.

Shortages did not merely arise from stockpiling, however. The blanket price freeze had severe repercussions on the structure of relative prices. In Brazil, contracts and prices were revised at staggered intervals. For example, wages changed every six months, other prices every three. But the freeze caught some prices in the high phase of the indexation cycle, others in the low phase; wages were often not in line with food price increases. Therefore, the freeze was politically and economically unsustainable and, unless corrected, shortages were inevitable.

Rio favela



Rick Reinhard

Helen Shapiro is completing an economics dissertation on state-led industrialization in Brazil. Gesner Oliveira Filho, a researcher at the São Paulo Centro Brasileiro de Analise e Planejamento (CEBRAP), *is currently a graduate student in economics at the University of California, Berkeley.*

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*Switzerland is known for its very low inflation rates.

*A leader in the revolution of 1930, Vargas served as president of Brazil from 1930-1945 and 1950-1954. An important populist leader, Vargas has often been compared to Juan Domingo Perón in Argentina and Lázaro Cárdenas in Mexico.

Market imbalances were also magnified by the boost in demand. The country had already been operating at close to full industrial capacity before the Cruzado; when demand was further increased and reshaped by the freeze, industry could not satisfy the increase. Imports—especially food—were needed to make up for the shortfall.

As shortages became pervasive, people began to act on the assumption that the freeze wouldn't hold, making things worse. Suppliers, holding out for higher prices, started stockpiling commodities, and consumers sped up purchases, transforming speculative shortages into real ones.

A particularly vicious circle developed in the foreign exchange market. Anticipating a devaluation by August, exporters began to delay sales as importers stepped up purchases.* Warehousing potential exports and increasing imports caused the trade surplus to disappear. The domestic consumption boom also weighed on the balance of payments, since many exporters began to sell their products at home. Brazil's foreign exchange reserves dwindled.

Little was done to control government spending, and the deficit grew. Measures taken in July and November 1986 to transfer resources to the state and slow demand proved insufficient on both counts. The July package, which raised prices with a tax on items such as automobiles, gasoline and alcohol, only fostered fear of further hikes. Although the private sector had lost confidence in the plan by summer,** the PMDB's November electoral landslide indicated continued support for the government. Support for Sarney has since plummeted, as the post-election measures—which amounted to a dismantling of price controls—were perceived as betrayal. The wide consensus on economic policy has vanished. The recent declaration of a moratorium on debt payment was no more than a desperate measure to face the depletion of foreign exchange reserves and to gather a minimum, albeit fragile, base of domestic support.

*A devaluation makes imports more expensive and exports more profitable as the producer receives more domestic currency per dollar of exports.

**Despite the short-run economic boom, private investment did not respond.

What Went Wrong

Predicting zero inflation verged on demagogy. It not only generated unrealistic expectations, but gave policy-makers a vested interest in maintaining the charade. Promising automatic wage increases if inflation hit 20% made it critical to keep official inflation below that rate. So, prices raised in July and November were removed from the index. Such obvious manipulation further eroded public confidence.

The government refused to realign prices, or to deal with the consequences of not doing so. In the public mind, the Cruzado Plan became the equivalent of a long-run price freeze. Rather than lose his newly won support, Sarney held off on significant adjustments until after the November elections, ignoring growing economic danger signals. Meanwhile, fiscal policy was in disarray. Public spending soared, partially reflecting the eagerness of federal, state and local officials to maximize political gains. This was done at the expense—often consciously—of the incoming legislature's resources.

Had the Cruzado been implemented as originally conceived, the outcome might have been quite different. But the plan's redistributive impact on income and the commitment to maintain growth rates required an accelerated rate of investment for which no provisions were made. The Cruzado Plan was a *prerequisite*—not a *substitute*—for a more comprehensive development program, including structural reforms.

Moreover, the plan's surprise element worked against the democratization process. Had the impending freeze been announced, merchants would have raised prices, leading to further inflation. But the need for surprise led to absolute centralization of the economic decision-making process. Literally, only a handful of technocrats were involved in the details. Even within the dominant PMDB, debate over the plan was almost nonexistent.

Furthermore, little was done to bring business and labor organizations in on the plan's implementation or revision. This lack of participation and negotiation not only undermined confidence that the government would abide by its own rules, but also meant that these groups bore no formal responsibility for the plan's success.

"Made in Brazil"

Because oil prices and interest rates have been low, and Brazil's 1983-1985 trade surpluses enormous, the international financial community has labelled the recent crisis as strictly "Made in Brazil." The criticism implies that the transfer of 5% of GNP in debt service is unimportant and that the maintenance of these payments remains the only criterion for good domestic policy. What happens next in Brazil depends on its success in negotiating with foreign creditors and on the political impact of those talks at home.

The current impasse cannot all be blamed on the debt; policy errors were made, and mistakes will have to be corrected. Important economic and political space won in early 1986 has been lost. There is still no policy for reviving and financing investment, either public or private. This is not to deny the enormous constraints imposed on the New Republic. After years of neglect under authoritarian rule, social needs and political demands must be addressed with limited economic resources.

Now that the newly elected Congress has taken office, the illegitimacy of the legislature can't be used as an excuse to rule by decree. Playing with economic indices and awaiting elections before making major policy changes is too reminiscent of the military's practice. As long-time Finance Minister under the military government Delfim Neto remarked, he's seen that movie before. Indeed, he masterminded those schemes. The legitimacy of the government and the subsequent success of any economic program will depend on a change in content, as well as in form.■

EL SALVADOR
Medea's Children

BY MARK FRIED

Ian

Peasants demonstrate for agrarian reform at Legislative Assembly, 1983

"If the co-ops help the guerrillas," the thin, tired woman told me, "then the guerrillas must be our little babies." She pointed to her five children playing in the thick dust of El Salvador's dry season. Ever since the president of her farming co-operative was abducted by soldiers last October, co-op members shun leadership positions, and literacy and health programs have been suspended for fear they would be viewed as subversive by security forces.

Agricultural co-operatives have been a favorite in U.S. development plans for El Salvador's countryside since the early 1960s. By increasing production on small plots and bringing peasants into a market economy, this strategy has sought to relieve potentially explosive pressure on land without challenging the blatantly unequal system of land tenure which has made export agriculture profitable for U.S. corporations and the local oligarchy.

Indeed, even under the harsh conditions brought on by seven years of war and severe economic crisis, such incentives as credit for seeds, fertilizers, pesticides and land, as well as technical assistance in production and marketing, make co-ops one of the few viable alternatives for peasants today.

But like a modern-day Medea—the mythical sorceress who killed her own children—the U.S. government has turned on its creation with a vengeance. Once seen as a convenient way to deflect challenges to the status quo, co-ops are now perceived as a threat. While the U.S. and Salvadorean governments have withdrawn support and manipulated co-op leadership, the security forces under U.S. tutelage have done what they do best.

Mark Fried, who coordinates NACLA's El Salvador Labor Project, visited Central America in February.

Abductions, Torture

Since last September, more than 50 members of rural co-ops (17 of them in March, 11 more in April) have been abducted by soldiers or police—at times disguised as guerrillas or civilians—and accused of collaborating with the FMLN insurgency. Most were held for several days, interrogated and threatened—and in some cases drugged and tortured—before being released without charges. José Alfonso López Ramírez of La Providencia co-operative in Santa Ana province was not so lucky. Since he was abducted on February 21, he has not been located and is presumed to have been disappeared.

Five are currently held in the political section of San Salvador's Mariona Prison. "They treated me like an animal," said Daniel Cuellar, one of those imprisoned. "They said if I didn't tell them everything, they would kill me because nobody knew where I was." Military interrogators insisted that he was a "big terrorist" and that the FMLN had provided funds for his co-op to participate in peace marches. Tortured extensively, Cuellar and the other imprisoned co-op members deny any association with the guerrillas, asserting that the military harasses co-op activists because of their opposition to President José Napoleón Duarte's economic policies and their support for a negotiated end to the war.

More than half of those abducted are affiliated with the Federation of Agricultural Co-operatives of El Salvador (FEDECOOPADES), a major independent co-operative organization and, through its membership in the Confederation of Co-operative Associations of El Salvador (COACES), a founding member and active participant in the National Union of Salvadorean Workers (UNTS), an opposition labor/peasant coalition. UNTS

leader Marco Tulio Lima, an outspoken critic of both U.S. policy and the Duarte government, was for several years president of FEDECOOPADES. Also hard-hit have been members of the Federation of Agrarian Reform Co-operatives of the East (FECORAO), which joined COACES and the UNTS in February of this year.

Many of the 1,200 co-operatives in El Salvador today—representing nearly 80,000 people—were originally sponsored by the U.S. Agency for International Development (AID). In the early 1960s, AID began to fund savings-and-loan, production and marketing co-operatives, expanding on work done by the Church during the previous decade. After 1970 AID encouraged the Salvadorean government to do the same, and co-ops sprung up all over the country.

My visit to Las Tablas co-operative in Ahuachapan made clear the advantages co-operative organization can bring peasants. Community orange and papaya groves offer the only relief from the relentlessly brown scenery. Latrines beside each adobe or clapboard home are the result of the co-op's efforts to reduce the high rate of child mortality brought on by intestinal parasites. A general store, started with a FEDECOOPADES loan, provides low-priced consumer goods and features a community television set where co-op members keep up with Mexican and Argentine soap operas.

Build and Destroy

The strategy of blocking revolution by giving peasants a stake in the system—and brutally murdering any who refused it—did have relative success in the 1960s and 1970s. But when the movement against that system mushroomed from 1978-1980, many co-op members chose to join the guerrillas rather than remain on the narrow reformist path AID had set out. This was particularly true in Chalatenango, where some of the oldest and best-established co-ops were located.

FEDECOOPADES was formed in 1980 by 32 co-operatives which, rather than join the revolutionaries, banded together to press the government for easier credit terms and greater technical assistance. With backing from Church and Western European sources, it has since maintained greater independence than the several pro-government federations.

Much of El Salvador's 30-year-old co-operative movement was destroyed during the worst years of political violence in the early 1980s. While collaborating in the Army's war on established co-ops, U.S. policy simultaneously created new co-ops under government control. Limited as it was, the land reform initiated in 1980 gave birth to co-ops—and co-op federations—populated largely by members of the Christian Democratic Party, to provide soon-to-be-president Duarte with a mass base of support. These co-ops were kept under close military supervision, and backed by AID and the American Institute for Free Labor Development (AIFLD), the Latin American arm of the AFL-CIO.

In the past few years, however, Duarte's economic austerity policies—imposed at U.S. insistence—and his abandonment of agrarian reform, have severely limited co-ops' economic potential, and driven more and more of them into active opposition to those policies.

In 1985, the U.S.-sponsored regional agrarian reform co-op federations joined the independent FEDECOOPADES in protest marches to demand easier credit terms, prompting AIFLD to move against the reform sector leaders and to form yet another national federation. Because of their hesitance to ask the government to solve the serious problems co-operatives face, pro-government federations have continually lost member co-ops—and the entire FECORAO federation last February—to the opposition.

FECORAO and the UNTS organized a march February 15 in the garrison city of San Miguel to demand peace, and that the co-ops' debt to the government bank be forgiven. Despite the greater access to credit they enjoy, a majority of agrarian reform co-ops have been pushed to the verge of bankruptcy by high interest rates and insufficient government technical assistance. FECORAO president Miguel Alemán places the blame on President Duarte who, with U.S. encouragement, has abandoned the co-ops to concentrate on pursuing military victory over the FMLN.

Sowing Fear . . .

Although co-operative participation in the UNTS provides one motive for the current wave of abductions, the nature of interrogations inflicted on abducted co-op members indicates that security forces believe the co-operatives, particularly FEDECOOPADES, are controlled by the guerrillas and provide material support for the FMLN. Washington apparently agrees, having accused the UNTS (and its co-op affiliates) of being "an FMLN front organization."

Repression has been fiercest in areas near guerrilla activity, leading many co-op members to believe the Army's objective is to terrorize them into leaving, in line with the depopulation strategy the Army used in Guazapa (1985-1986). Those detained and released do often abandon the area, fearing further persecution of their families.

In the relatively peaceful western part of the country, attacks on co-operatives have been more selective, focussing on persons displaced from the zones of conflict and relocated with FEDECOOPADES assistance. Army suspicion of displaced persons has encouraged original residents to isolate them, drive them out or turn them in, fearing their presence may draw suspicion to the entire co-op, or out of simple resentment of newcomers.

For co-ops affected by the recent abductions, fear has put a damper not only on participation in UNTS marches, but on development work as well. No one has forgotten the massacres that took place a few short years ago—when one need not have been politically active to have been fingered as a subversive, tortured and killed by the security forces.

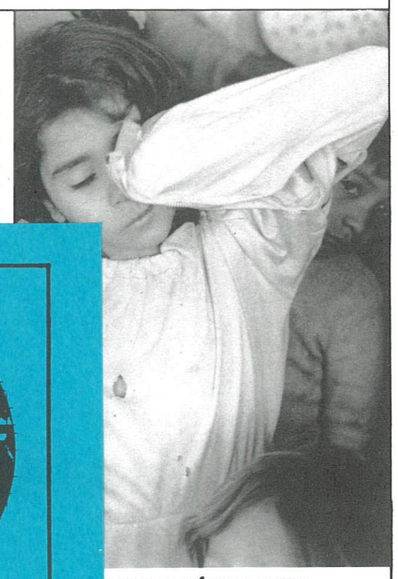
For example, one man detained from Agua Zarca co-operative in Sonsonate was interrogated extensively about the co-op's "clandestine medicine chest," implying that the community pharmacy—through which co-op members received basic medications free of charge—was connected to the guerrillas. The program

continued on page 11

BORN-AGAIN WAR
The Low Intensity Mystique

by HOLLY SKLAR

Counterrevolution has been born again as "low-intensity conflict" (LIC), and anti-interventionists are not immune to its mystique. The faddish use of "low-intensity" to describe war in Central America is as wrong as using "peacekeeper" for missiles or "freedom fighters" for



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Since publication of "The Real War," the U.S. Army's Joint Low-Intensity Conflict Project has issued a final report which designates insurgency/counterinsurgency, terrorism counteraction, peacetime contingency and peacekeeping operations as LIC's major categories.

Like most LIC rhetoric, these terms are euphemistic. *Peacetime contingency* is defined as "Politically sensitive military operations normally characterized by the short-term rapid projection or employment of forces in conditions short of conventional war, for example, strike, raid, rescue, recovery, demonstration, show of force, unconventional warfare and intelligence operations." *Peacekeeping*

Although this approach [LIC] lessens the likelihood of US involvement in combat operations, it is possible that a threat to US interests will not be identified until it has reached serious proportions or has grown beyond the capability of local forces to contain. In such cases, the commitment of US forces in direct support of indigenous forces engaged in combat and, at the extreme, directly to combat on behalf of US interests, is possible. . . .

If it becomes necessary to commit US forces, the fundamental requirements of intelligence, CA [civil affairs] and PSYOP [psychological operations] remain primary concerns. The factors of SA [security assistance], logistics and communications also take on greater significance to provide adequate support to the military effort. Thus, the total preparation of the conflict area has served a contingency function as well by providing the basic intelligence, logistic and command and control infrastructure to support the introduction of US combat forces in advisory, supporting, peacekeeping, counterguerrilla or higher intensity operations. . . .

—Major General Donald R. Morelli, U.S. Army, retired, and Major Michael M. Ferguson, U.S. Army, "Low-Intensity Conflict: An Operational Perspective," *Military Review*, January 1985, p. 14

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continued on page 11

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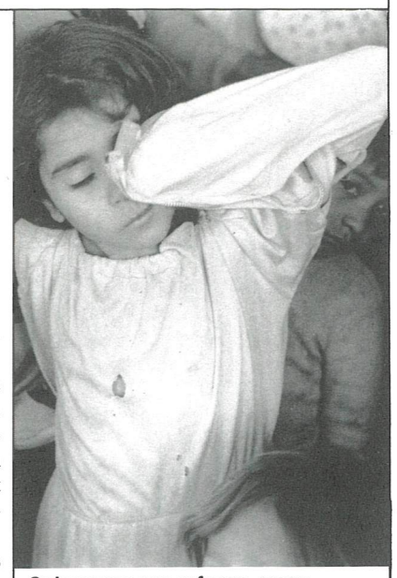
We can analyze the objectives, strategy and tactics of LIC-style intervention without accepting its rhetoric. "The Real War" * not only takes the rhetoric of LIC at face value, it quotes selectively from that rhetoric to support a distorted conception of LIC—a conception which precludes the direct use of U.S. ground troops and dismisses the threat of "another Vietnam." A reading of the primary sources does not support this interpretation.



Nevin Shalit

Colomoncagua refugee camp

Whose LIC is it Anyway?

"In broad terms, low-intensity conflicts are usually limited wars or revolutionary/counterrevolutionary wars," observed LICer Sam Sarkesian in a March 1983 National Defense University symposium on special operations. "They are more than isolated acts of terrorism; and they may become as serious as the Vietnam War."

The borderline between low-and mid-intensity conflict is ambiguous (the Korean War is an example of mid-intensity conflict). But U.S. Army Majors and often-quoted LIC experts Ferguson and Morelli make it clear that U.S. troops may be directly engaged in combat at the lower end of the conflict spectrum (see box).

The Kupperman Report, a 1983 study for the U.S. Army Training and Doctrine Command, states that: "In Vietnam, [the Soviets] proved that low-intensity conflict would work against the American democracy" and recommends that the Army develop a new doctrine "to *win* not lose" the next war. A close reading of the Kupperman Report contradicts Miles' assertion that "There is no such thing as victory by force of arms in a low-intensity conflict. Victory . . . can be better measured by avoidance of certain outcomes, or by attitudinal changes in a target group."

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means ''Military operations conducted in support of diplomatic efforts to achieve, restore, or maintain peace in areas of potential or actual conflict.'' A notable ''peacetime contingency'' operation cited was the 1983 invasion of Grenada, known as Operation Urgent Fury.

The political focus of LIC is hardly innovative: a century and a half ago Clausewitz pronounced war to be the continuation of politics by other means. ''In essence,'' states the Joint LIC report, ''low-intensity conflict incorporates all those situations involving the use of, or the threatened use of, force outside the realm of direct combat between conventional or nuclear forces. It is, in essence, an environment in which political concerns predominate.'' LIC terminology, it seems, owes more to Orwell than to Clausewitz.

Winning Hearts and Minds

Miles claims that the CIA's *contra* manual was an attempt to teach the ''conventionally minded *contra* forces the more sophisticated'' LIC techniques for ''winning the population.'' But the manual, *Psychological Operations and Guerrilla Warfare*, is derived from a 1968 Army Special Warfare lessons book. Critics are not mistaken in thinking of Vietnam's CORDS/Phoenix when they read it. Miles reproves those who called it an ''assassination handbook'' and concentrated ''on issues of legality rather than of military strategy.'' But the ''terror manual'' jargon and the issue of illegality fueled a scandal, making in the public eye an all-too-rare association between terrorism and the U.S. government.

When it comes to military strategy, Miles stresses winning population versus territory. Yet the *contras* have repeatedly tried to hold a piece of territory, hoping to shortcut the long road to popular insurrection. In late 1981, for example, the ''Red Christmas'' plan aimed at ''liberating'' territory on the Atlantic Coast and invoking the Rio Treaty to invite in U.S. forces. In 1982 Plan C targeted Jalapa in northern Nicaragua. In March 1986 the House Intelligence Committee reported Administration claims that, with the $100 million in aid, the United States would try to give the *contras* the ability to seize territory and proclaim a provisional government. Numerous reports assert the *contras* will not attempt to seize territory in coming months, not because they are committed to Prolonged Popular War, but because they are incapable of success.

Nevin Shalit

Colomoncagua refugee camp

The *contras* remain a terrorist force; the recent Americas Watch report testifies to their ''escalating brutality.'' It is wrong to say the United States is training *contra* forces or client states to fight a ''cleaner war.'' There is a long history of U.S. fighting and teaching others to fight dirty wars. In El Salvador, efforts to ''clean up'' death squads are grounded in decades of U.S. support for the counterinsurgent infrastructure, which has disappeared thousands of Salvadoreans, and subjects thousands more to bombs, bullets and hunger. Although repression can be made more discriminate, it is never indiscriminate. It is designed to kill, terrorize and displace revolutionaries and their supporters, whether actual or potential. LIC rhetoric must be judged against past and present practice.

Giving in, Going in

In the June 1986 *Report on the Americas*, Allan Nairn writes, ''Allen Dulles and Teddy Roosevelt would not be impressed'' with Reagan. Neither would Lyndon Johnson (Dominican Republic, Congo). All the hot air about the Reagan Doctrine clouds the fact that global counterrevolution (often successful) is a U.S. tradition. Reagan's Gunboat Diplomacy took back Grenada. Carter, together with the International Monetary Fund, rolled back socialism in higher-stakes Jamaica.

Miles dispenses with Trilateralism in a sentence, but the Reagan Doctrine pales in comparison to Trilateralism as a comprehensive program to preserve Western dominance in a post-Pax Americana era. Trilateralist doctrine for the Third World advocates multilateral efforts by the capitalist powers, working with selected ''new influentials'' (e.g. Mexico), to channel social change through accommodation where possible, as in Zimbabwe; confrontation, where not. In contrast, the Reagan Doctrine is myopic, unilateralist, militaristic and anachronistic.

Miles stresses the protracted nature of LIC, its ability to avoid ''giving in'' or ''going in,'' divorcing it from political constraints. In contrast, the Joint LIC Project Report warns: ''Our short-term budget cycle, our four-year presidential election cycle, and our national impatience with long-term commitments in doubtful circumstances make it difficult for the United States to make long-term plans or to be sure of sustaining a protracted effort.''

A war of attrition cuts both ways. Noting that ''The Nicaraguan resistance . . . is not likely to succeed in overthrowing the government in short order; indeed, the resistance itself may face extinction,'' the report questions ''Whether the United States, impatient and result-oriented . . . can resist the temptation to escalate [its] involvement to make up for the slowness [or failure] of supported insurgency or counterinsurgency.'' This ''temptation to escalate'' appears stronger when we consider that ''freedom fighters'' are more popular in Washington than in their homelands, and policy-makers are worried about the loss of U.S. ''credibility'' in protracted, seemingly unwinnable wars.

Permanent Instability

Miles' characterization of LIC implies permanent instability and defeatism: the United States may not be able to beat Third World revolutionaries, but it can keep them from winning—or punish them if they do succeed. That may make sense in some cases, but not as a global military creed. American military culture is racist and macho. To ''avoid certain outcomes'' is hardly the stuff of glory or promotions. From the multinational corporate perspective, U.S. intervention should ensure a good investment climate by enforcing political stability. In contrast, Miles' LIC promises a good *divestment* climate with permanent instability—the Lebanization of the Third World. We are right to fear ''another Vietnam,'' right to see the risk of escalation inherent in every U.S. military involvement along the conflict spectrum and right to see a ''deadly connection'' between unconventional, conventional and nuclear war. If the FMLN's 1981 ''final offensive'' had approached victory, the Reagan Administration would surely have deployed U.S. forces, and would do so today. And, if the *contras* had succeeded in taking Jalapa, for example, the U.S. would not have tolerated their annihilation in a second Bay of Pigs.

In my view, the United States has been moving toward an invasion of Nicaragua—seen by many planners as a relatively rapid, winnable war—precisely because that is the only way to achieve the policy objective, the overthrow of the Nicaraguan government, before the end of Reagan's term. The Administration has been side-tracked, but not necessarily derailed, by Iran-contragate.

Red Herrings

''The Real War'' unreasonably embellishes the warmakers and belittles the peacemakers. ''U.S. war fronts,'' we are told, ''were coordinated in a dazzling demonstration of the principle of synergy, in which the whole is greater than the sum of its parts.'' Meanwhile, the fragmented movement was suffering from an ''invasion watch'' mentality and fighting a war that did not and would not exist. Grenada, though, was not a ''red herring.'' It was the effective practice of LIC with devastating consequences for Grenada and important lessons for war- and peacemakers alike. The Pledge of Resistance, formed in its wake, is one of many streams feeding an uneven river of public opposition to U.S. policy in Central America without which U.S. intervention would have a far firmer foundation.

We cannot focus only on maximalist goals and discard partial successes. We *have* learned from Vietnam. The campaigns against National Guard deployment are fighting the real war, as are countless other popular education, protest, lobbying and electoral efforts, support for Contadora and the promotion of alternative policies and principles. If we have not derailed intervention it's not because we are fighting this particular war in the wrong way, however much we can and *must* do better. Ultimately, we will not stop intervention in other countries unless progressive forces win power and justice in this country and renounce the traditional right of intervention which liberals as well as conservatives endorse. ■

EL SALVADOR

continued from page 8

was dropped immediately upon his release, as were literacy and hygiene classes.

. . .Harvesting Savvy

Nonetheless, in several cases in the conflictive east, dozens of co-op members have travelled to Army bases to demand the release of their abducted co-workers, defying the fear the security forces intend to sow.

Washington's 25-year strategy for blocking revolution—in which co-ops have played a major role—has led it to repeatedly found co-operative organizations, only to later collaborate in their destruction when they escape government control. Suspecting that co-ops may harbor or feed guerrillas, the United States has witheld the assistance which could make them into the viable alternative they were intended to be. And the Duarte government's failure to solve any of the co-ops' real problems has pushed them into ever greater opposition political activity.

What this build-and-destroy policy has helped achieve is a phenomenal growth in peasants' political savvy. It would seem that even a revamped U.S. reform strategy would be hopelessly outdated, for in this case, Medea's children are not about to die. ■

Israel and Latin America: The Military Connection by Bishara Bahbah. St. Martins Press, 1986, 210 pp. $27.50 (cloth); $12.95 (paper).

A concise summary of the Israeli arms industry and its need for foreign markets is coupled with an in-depth account of the effect of Israeli sales on Latin America. Although Bahbah deals with the entire continent, case studies of Ecuador and Argentina are particularly useful and unique.

Israel's Global Reach: Israeli Arms Sales as Diplomacy by Aaron Klieman. Pergamon-Brassey's, 1985, 240 pp. $25 (cloth).

An Israeli arms sales specialist supportive of his government's weapons policies, Klieman studies this complex and important industry in detail. Although weak on Third World data, the book is invaluable for understanding the Israeli weapons trade.

No Simple Proxy: Israel in Central America by Jane Hunter. Washington Middle East Associates, 1987, 113 pp. $7 (paper).

In this summary of the last two decades of Israeli-U.S.-Central American relations, Hunter argues that Israel is not merely a surrogate for the United States. The book details the role of and rationale behind Israeli policy as well as the obstacles which it presents to opponents of U.S. policy in the region.

Israeli Foreign Policy: South Africa and Central America by Jane Hunter. South End Press, 1987, 200 pp. $8 (paper).

Hunter expands the material from *No Simple Proxy*, adding South Africa to her analysis. A well-researched, readable and important contribution to an understanding of how Israel and the United States cooperate and compete in two key areas of the Third World.

It's No Secret: Israel's Military Involvement in Central America by Milton Jamail and Margo Gutierrez. Association of Arab-American University Graduates, 1986, 117 pp., $10 (paper).

Two weeks before Somoza's downfall, Israel was the only country to sell the Nicaraguan dictator bombs and arms. Today, Israel remains one of the major suppliers for the *contras*, as well as for the Guatemalan and Salvadorean governments. The authors thoroughly document Israeli involvement in the region and analyze the motivations behind it, paying special attention to the "Cold War factor." They conclude that the U.S. government has resisted discussion on Israel's role to discourage debate on U.S. policy in the region.

From Banana Cases to Contra Bases: A Chronology of U.S.-Honduran Relations January 1977-July 1986. The Central American Historical Institute, 1986, $5 (paper).

Third in a series, this chronology documents U.S.-Honduran relations and the impact of U.S. policy on Honduran society. Over 400 entries with references for further research. Available from the Central American Historical Institute, Intercultural Center, Georgetown University, Washington, D.C. 20057.

Export Agriculture and the Crisis in Central America by Robert G. Williams. University of North Carolina Press, 1986, 257 pp. $29.95 (cloth); $9.95 (paper).

Examines the cotton and beef export booms of the 1950s which exacerbated social tensions and eventually contributed to popular unrest and revolution in the 1970s and 1980s. Williams shows how cotton and beef expansion produced ecological problems, broke down traditional landlord-peasant relations and created a class of landless laborers. With case studies and sophisticated comparative analysis, the author argues that the Kissinger Commission and other proponents of export-led development ignore the fact that economic growth policies of the 1960s destabilized the region in the long run. Cotton and cattle each "did more than the Soviets or the Cubans could have dreamed of doing in preparing Central America for revolution."

The Gravedigger and Other Stories by Ramón Ferreira. Waterfront Press, 1986, 215 pp. $18.95 (cloth); $8.95 (paper).

A novella and 13 stories depicting the underside of life in Cuba from 1950 to 1960. Dealing with themes such as racial prejudice, tensions between homosexuals and heterosexuals, poverty, betrayal and political opportunism, Ferreira's work explores the darker range of human emotions, yet affirms hope in life and love.

Labor in Latin America by Charles Bergquist. Stanford University Press, 1986, 397 pp. $39.50 (cloth); $14.95 (paper).

Explores the correlation between export structure, labor and the left in Chile, Argentina, Venezuela and Colombia. Bergquist argues that most historians of Latin America have failed to appreciate the nature and decisive role of labor in the region and attempts to set up a comparative analytical model to fill in the gaps. The essays provide a good overview on the historiography of each country, as well as rich historical detail.

Economic History of Puerto Rico: Institutional Change and Capitalist Development by James L. Dietz. Princeton University Press, 1986, 337 pp. $65 (cloth); $20 (paper).

A thorough, clearly written history covering the period from the Spanish conquest to the present. While Dietz focuses on economic change, he has a deep appreciation of people as historical actors and provides excellent analyses of how political processes influence labor systems and productive structures. The book includes descriptive statistics, rich illustrative case studies, anecdotes and attractive photographs from the 1940s to the present.

The Chronology: The Documented Day by Day Account of the Secret Military Assistance to Iran and the Contras by the National Security Archive. Warner Books, 1987, 678 pp., $5.95 (paper).

Everything you ever wanted to know about the current scandal. Based on media, government and other sources, this chronicle documents crucial events since 1980. Includes useful charts and extensive index for cross-referencing.

THE ISRAELI CONNECTION: GUNS AND MONEY IN CENTRAL AMERICA

"IT IS CLEAR," OPINED THE TOWER COMmission, "that Israel had its own interests, some in direct conflict with those of the United States, in having the United States pursue the initiative. For this reason, it had an incentive to keep the initiative alive." Israel weaves in and out of the intrigue described by the Special Review Board appointed by President Reagan. Since the Iran/*contra* scandal broke last November, the Israelis have felt the uncomfortable gaze of public attention on their largely ignored role in Central America.

Israel's "special relationship" to Central America is longstanding and multi-faceted. Dating from the early days of the Zionist struggle for statehood, Israeli involvement belies simple characterization as that of acting as U.S. surrogate. While Tel Aviv does have its own agenda, the Reagan Administration has found Israel to be an attractive and willing partner in its Central America scheme, one which can efficiently get the job done without provoking congressional outcry.

Israel enjoys its own special relationship with Washington, one which allows its extensive U.S. ties and hefty yearly subsidy to go largely unexamined by U.S. observers from Right to Left. This hesitancy to question the nature of Israeli/U.S. friendship is mirorred in how we look at the crisis in Central America, as well as Israeli involvement in other parts of the world.

"THE ISRAELI CONNECTION: GUNS AND Money in Central America" lays out Tel Aviv's involvement in detail, vividly illusrating the story's complexity and sobering implications. This issue of *Report on the Americas* is written by a unique team of contributors. Milton Jamail and Margo Gutiérrez, both on the staff of Texas Lutheran College, have followed Central America for years. Jamail, a longtime NACLA friend, has contributed to the *Report* on Guatemala and Belize. *It's No Secret: Israel's Military Involvement in Central America*, their book on which our articles build, broke new ground. For readers wishing to pursue the issue further, we recommend its extensive bibliography.

Jamail and Gutiérrez consider Israel's motivations, and provide an overview of the nature of its aid to Central American governments and movements. They take a thorough look at Guatemala, where the Israeli role is most sophisticated and extensive. According to the Mexican daily, *La Jornada*, Salvadorean President José Napoleón Duarte was so impressed by Guatemalan counterinsurgency that he asked President Vinicio Cerezo for military aid last April. Cerezo declined, not wishing to violate his policy of "active neutrality" in the Central American conflict.

Jane Hunter, editor of *Israeli Foreign Affairs*, shares her unique expertise in taking an in-depth look at Tel Aviv's suppport for the *contras*, and comes up with some surprising and controversial conclusions. She argues compellingly that the Reagan Administration has tried to pressure Israel into openly taking over the *contra* war. And the Iranian profit-sharing scheme was the Israelis' creative financing solution. We expect this *Report* to be controversial and, as always, welcome your comments. ■

A SPECIAL RELATIONSHIP

By MILTON JAMAIL AND MARGO GUTIERREZ

ISRAEL'S MILITARY ROLE IN CENTRAL America is a topic that often provokes heated controversy. Before the Iran-Israel-*contra* scandal began to unfold in November, there was little discussion of the Israeli dimension of the Central American conflict. When constituents would ask lawmakers about the Israeli role, a standard reply was "we have no hard evidence of Israeli involvement." In fact, Israel's role was never a secret. Since 1977 there *has* been "hard" evidence of Israeli arms deliveries to Somoza's Nicaragua, to Guatemala and later to the *contras*. Yet media attention has not focussed on the Israeli connection. Between 1977 and 1984, the three network television nightly news programs ran only four pieces—a total of 12 minutes—on the Israeli presence in the region.[1]

Now, revelations of the Iran-*contra* scandal have drawn attention to the issue, yielding a number of substantive stories in major U.S. media. *The New York Times* and *The Washington Post* have published features on the Israeli arms industry and CBS's "Sixty Minutes" aired a segment in February on Israel's part in arming the *contras*.[2] Confronted with the facts, supporters and critics alike are wondering what's in it for the Israelis. Analysis suggests five motivations.

"A Special Relationship"

The roots of Israel's special relationship to Central America go back to the late 1930s when Nicaragua, and later Guatemala, supported the Zionist struggle for statehood. The new Israeli state maintained cordial relations with most Latin American countries. More active ties with Central America would not materialize until after 1960.

Between the mid-1960s and the mid-1970s, Central America played host to a number of Israeli technical assistance projects, most in agriculture and "civic action." In 1965 and 1966, Israeli advisers introduced methods of field inspection and pest-control to combat insects threatening El Salvador's cotton crop. [3] In conjunction with the Inter-American Development Bank (IDB) and the Organization of American States (OAS), Israel provided "mobile teams" made up of experts in economics, rural development and field crops. Based in Guatemala, the mobile teams participated in "training counterparts in all other Central American states [and] planned and executed several model settlement projects in Guatemala, Honduras, Nicaragua, Panama, Costa Rica, and El Salvador."[4] One account names specific endeavors undertaken with Israeli cooperation, such as agricultural training at Costa Rica's National Institute for Vocational Training, and an irrigation project and vegetable co-operatives in Guatemala.[5]

Steve Rubin

Contra with radio

Israeli advisers also participated in the organization of youth movements and youth leadership training, notably in Costa Rica (1966-1969) and El Salvador (1972). Costa Rica's National Youth Movement "was active in the rural areas in the form of voluntary clubhouses, and its activities included volunteer work camps."[6] The goal of these programs was to incorporate young people "into socially productive activity," instilling in them a sense of social and national consciousness. [7] Elements of Israel's Gadna paramilitary youth organizations were adapted to the Central American programs by personnel from the Israeli Ministry of Defense, who acted as trainers and advisers.

CONTACT BETWEEN THE ISRAELI MILITARY and defense establishment and Central American youth was made as early as 1964. That year, 52 young people from 11 Latin American countries, including some Central Americans, travelled to Israel at the invitation of the Ministry of Defense to participate in a seminar on the objectives and organization of the Gadna and Nahal (military-agricultural settlements).[8] The Nahal concept has been applied in a number of Latin American countries, including El Salvador, with the goal of "building a positive and constructive image of the armed forces in their respective nations."[9] One young Guatemalan on the tour, a lieutenant in the infantry, came home gushing with enthusiasm for the training Israeli youth received. His article in a Guatemalan military journal detailed the curriculum of these preparatory courses.[10]

These early contacts between Israeli and Central American militaries, and the blend of military structure with co-operatives and civic action programs—especially agriculture—proved significant. The participation of Israeli military and defense personnel in these "familiarization tours," as well as in the youth movements and youth leadership courses, helped lay the foundation for future interaction with Central American military officers.

After the 1967 war and occupation of the West Bank, Gaza, the Sinai and the Golan Heights, Israel became internationally isolated, which only worsened after the 1973 war. The Israeli arms industry expanded rapidly, and with it the need for foreign markets. Israel's "special relationship" with Central America soon took on more overt military dimensions.

Beating Swords Into Dollars

Israel has developed a sizeable arms industry which employs an estimated 18 to 25% of the industrial work force—at least 58,000 people—with annual foreign sales of $1.5 to $2 billion. In short, the weapons industry, including foreign sales, has become a cornerstone of the Israeli economy. The world's ninth largest arms dealer, Israel is first among Third World arms exporting countries.[11]

THE ISRAELIS DECIDED TO ENTER INTO arms production soon after achieving statehood in 1948. The government-owned Israel Aircraft Industries Ltd. is the country's largest manufacturer. Weapons production and foreign sales have been pursued and encouraged by every Israeli government and were not an aberration of the Likud government of Prime Minister Menachem Begin, who began supplying Guatemala in the 1970s. As Aaron Klieman, an Israeli arms sales analyst, points out, the Likud represented more of a reinforcement and acceleration of the

> previously existing pro-arms orientation than a fresh policy initiative identified with any leader, political ideology or government. Israel in the role of arms supplier predates the Begin era. Foreign military assistance, of which the sale of weapons is a major component, is a deeply entrenched national practice. It is not, therefore, in any way a new brand of Israeli diplomacy or a departure from pre-1977 practices.[12]

Klieman identifies three military functions served by weapons sales. First, "the weapons sold are only a by-product of weapons built for local needs." Second, strategic planning is facilitated since arms industry plants can operate at full capacity and, finally, foreign sales help defray research and development costs. As arms merchant Israel can produce weapons it otherwise could not afford, while simultaneously providing employment for a significant portion of the labor force.[13] For the Israeli economy, the weapons trade has become essential. Klieman reports that

> export sales account for something resembling half of the total value of defense equipment production. And should reduced local purchasing continue, the proportion seems bound to rise further, implying even greater dependence on the arms trade.[14]

THE ISRAELIS OFFER A WIDE RANGE OF military equipment and "know-how"—computer technology for military use to aircraft. The most popular items are the Galil assault rifle and the Uzi submachine gun, as well as Israeli advice in the field of counterinsurgency and computer technology for use in social control. Klieman divides Israeli arms exports into four phases. The first involves the sale of second-hand equipment, the second the provision of military training and advice and third, the sale of more conspicuous items such as boats and planes.[15]

The first two categories have been most applicable to Central America. But it is Klieman's fourth category that is probably Israel's most important military contribution on the isthmus. In the 1980s Israeli "exports of technological know-how, data packages, and the most sophisticated electronics, computer programs, and optical components of direct or indirect military application have met with singular success in finding a ready market."[16] He notes, "less conspicuous and therefore less politically sensitive, such scientific items are highly promising."[17]

According to two researchers at Tel Aviv's Center for Peace in the Middle East, "Israeli arms sales policy is not characterized by any overall strategy stemming from an orderly decision-making process." Taken in the context of a highly sympathetic climate, arms sales

decisions are dominated by the Israeli Defense Ministry.[18] There has apparently been a blanket decision to seriously compete on the lucrative international arms market, with little attempt to justify individual sales. Klieman notes, ''without sales to the Third World, it is fairly safe to assume that some of the industries at home would collapse.'' [19]

Most policy deliberation on weapons deals is hidden from the public and usually from the Israeli parliament, the Knesset. It is shrouded in secrecy where ''discretion is usually prized as essential. And even in the event of press speculation the groundrules call for silence: either denial or no comment.''[20]

DUE TO THE SECRET NATURE OF THE arms trade, it is often not possible to distinguish among the various schemes grouped under the rubric of Israeli involvement: official government sales; retired or reserve military officers offering private contract services; private Israeli companies selling military technology or helping to construct armaments plants through joint licensing ventures; or arms merchants such as David Marcus Katz. *The Miami Herald* reported that the Israeli Defense Ministry in fact often passes less-desirable clients to private consulting firms when ''the government is reluctant to have active military personnel directly involved.''[21] Concerning private weapons salesmen, Klieman notes, ''their operations disguise the trail of at least some Israeli arms, which are 'laundered' and resold through a maze of fictitious companies in different countries.''[22] Israeli scholar Amos Perlmutter commented on *The MacNeil/Lehrer NewsHour*: ''There isn't a pistol that can leave Israel without government approval of one sort or another.''[23]

Yet the market for Israeli arms is limited. With the Arabs and most socialist states buying elsewhere, Third World countries in Africa, Asia and Latin America have become Israel's best potential customers. The Central American portion of total exports is relatively small. Nonetheless, Israeli weaponry is crucial to clients such as Guatemala and the *contras* who are shunned—at least publicly—by more conventional suppliers.

Swords Into Goodwill

For the diplomatically isolated Israelis, arms sales are clearly a way to buy foreign friendships. The closest of Israel's diplomatic allies in the region are El Salvador, Costa Rica and Guatemala. In fact, the only two countries in the world which maintain embassies in Jerusalem are El Salvador and Costa Rica. Following an announcement in August 1983 publicizing El Salvador's plan to move its embassy from Tel Aviv, the two countries agreed to support each other at the United Nations. Prior to this pact, El Salvador backed the PLO as the legitimate representative of the Palestinian people.

The Washington Post reported that ''the arrangement also includes hopes in the Salvadoran government that the influential pro-Israel lobby in the United States will lend a discreet hand in congressional debates over the wisdom of the [Reagan] Administration policy on Central America.''[24] It is also Klieman's view that in purchasing arms from Israel, a country views its ''ties with Israel as the key to the influential American Jewish community and thus as a way to create a favorable climate and image for its standing with the United States.'' Third World leaders assume

> they will have better prospects of gaining an appreciative ear among U.S. congressmen for their own requests for economic and security assistance by cultivating ties with Israel, including at the military level. In exploiting such perceptions, Israeli diplomats are not above suggesting the purchase of its military goods as an acceptable and fair quid pro quo for using the near-legendary strength of the pro-Israel lobby in the Congress and its influence with the American Jewish community on behalf of the arms client.[25]

Central America's friendly stance has not been cost-free. In April 1984, Egypt broke diplomatic relations with El Salvador and Costa Rica, protesting their embassies in Jerusalem. Guatemala was the first country to set up its diplomatic mission in Jerusalem, but its embassy was moved back to Tel Aviv in 1980 in compliance with a UN resolution, and after Kuwait, Jordan and Saudi Arabia threatened a boycott of Guatemalan cardamom. The spice brought Guatemala some $70 million in revenue in 1980, most of it from the Arab countries.[26]

At U.S. Bidding. . . .

While Israel has at times clearly acted as a proxy for the United States in Central America, it does have its own agenda and is not simply Washington's ''errand boy.'' It is important to note that while Israel often *follows* the United States, it sometimes *leads*. And at times the two nations have competed for access to the profitable Central American weapons market. A Reagan Administration official referred to the complementarity of U.S. and Israeli policy in the region as a ''convergence of interests.''[27]

The Memorandum of Understanding on ''strategic cooperation'' signed by U.S. Secretary of Defense Caspar Weinberger and Israeli Minister of Defense Ariel Sharon on November 30, 1981, provides the framework for Israel to do U.S. dirty work.Suspended soon after, it was revived in November 1983. According to the memorandum, the United States could grant third countries permission to spend part of their U.S. military credits in Israel.*

*For more on the memorandum, see Jane Hunter's article in this issue.

A HIGHER ISRAELI PROFILE IN CENTRAL America would surely please U.S. policy-makers, lending much needed legitimacy to their flagging policy. While U.S. military sales to the region are scrutinized closely by Congress, Israel can do the job without provoking domestic protest. ''It's like Israel has become just another federal agency,'' one Israeli analyst commented, ''one that's convenient to use when you want something done quietly.'' [28] Even members of Congress opposed to U.S. intervention in Central America are hesitant to criticize Israeli participation, fearful of alienating their constituency, angering Israeli lobbies or of being labeled anti-Semitic.

There is another dimension to the Israel-Central America connection that lawmakers critical of Administration policy find troubling. In a maneuver designed to ensure passage, the Administration has on occasion linked the two policies in legislation. Robert Kaiser, *Washington Post* associate editor, quoted one House of Representatives member as saying, ''I displayed my usual cowardice,'' after voting for aid to El Salvador in a bill that included aid to Israel. Kaiser adds, ''Not that he opposed the aid to Israel the bill contained; he just resented, as many members do, the absolute political requirement that many feel to 'vote Israel' whenever the occasion arises, even if that means abandoning another principle.'' [29]

At bottom it does not much matter whether Israel acts as a surrogate for the United States in Central America or there is simply a ''convergence of interests.'' If Washington did not condone Israeli military sales and advice to ''friendly'' Central Americans, it would certainly attempt to squeeze its ally out of the region. But as long as U.S.-Israeli relations remain too controversial to discuss, the United States will likely use Israel to pursue its objectives in Central America. In effect, Israel's activity places control of U.S. foreign policy on the isthmus further out of the reach of many North Americans.

Israel and the Cold War Mentality

A major reason for the convergence in Israeli and U.S. policy in Central America is ideology. Israel finds Central American leftists too sympathetic to the PLO. Increasingly shaped within a Cold War framework, Israeli foreign policy coincides more closely with the foreign policy goals of the United States. Some observers attribute this shift to the Israelis' growing anti-communism. Israeli social scientist Edy Kaufman comments, ''In the polarized context of present day Central America, arms supplies to only one side clearly put Israel in the anti-communist camp.''[30] Another observer points out that Israel sells weapons to regimes who share its determination to fight the ''spread of communism.''[31]

BUT GIVEN THE ISRAELIS' LESS THAN hostile relations with the Soviet Union, anti-communism does not sufficiently explain Tel Aviv's alignment with Washington on most foreign policy issues. The reality is simple, yet profoundly connected to Israel's life-line—the United States. Israel may well be motivated by the need to ensure its alliance with the United States in the Middle East and to maximize influence over U.S. Middle East policy. Buying into the Cold War anti-communist consensus and becoming a ''strategic asset'' to the United States in the global crusade against communism surely buttresses Israel's position. Klieman comments:

> Arms support for various pro-Western regimes is part of what Israeli representatives allude to when describing Israel as a proven strategic asset—a fact better known to Pentagon and State Department officials from classified documents than to the American public at large.[32]

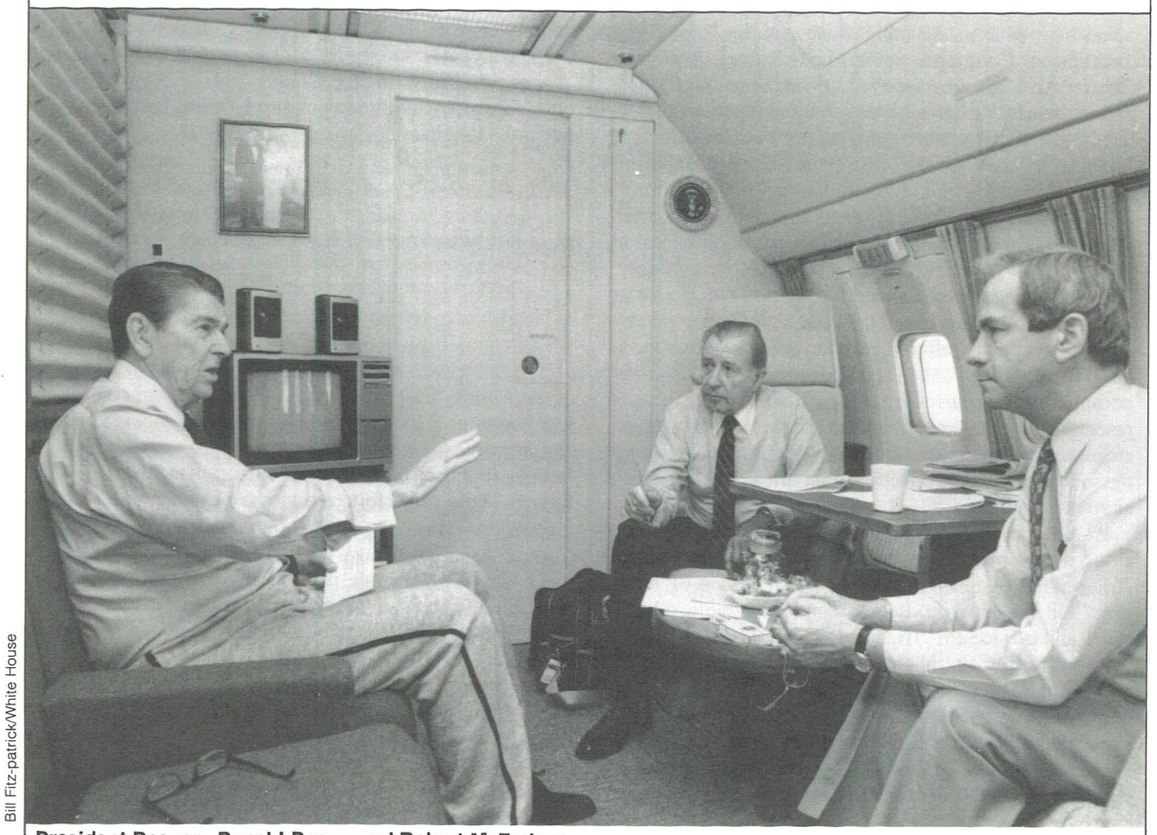
Israel has in recent years developed a close alliance with Pentagon planners and defense contractors, supplying them with information on its military activities in the Middle East. The weight of the defense contractors acting as a lobby for Israel—when combined with conservative Christian fundamentalists and domestic Jewish support—makes for a very powerful array of forces. These same forces—with the U.S. Jewish community divided on the issue—support Israel's efforts in Central America. Thus, when Israel adopts Washington's Cold War agenda in Central America, it pleases not only the Reagan Administration, but its friends in the defense establishment and fundamentalist Christian circles as well.

The Israelis also clearly understand the nature of the governments buying their arms. Klieman notes that the ''purchaser is likely to be a non-western country with a defense-conscious government, rightist in orientation, in which the military is either the actual or proximate locus of power.'' [33] The human rights concerns that have caused Congress to place restrictions on U.S. arms sales and assistance in Central America play no evident role in Israeli foreign policy concerns—a factor which Washington has played to maximum advantage.

In sum, the Israelis have adopted the Cold War agenda of the United States which requires them to act as U.S. surrogate in Central America. Not motivated by an overriding fear of communism nor intense interest in the region, the Israelis have sought to ingratiate themselves to the United States, embellishing their image as ''strategic asset,'' and ensuring continued largesse from Washington as well as improved access to potential clients and political supporters. Israel received $4.5 billion from the United States in 1986, making it the world's largest per capita recipient of U.S. foreign aid.■

ISRAEL: THE CONTRAS' SECRET BENEFACTOR

BY JANE HUNTER



Bill Fitz-patrick/White House

President Reagan, Donald Regan and Robert McFarlane

"YOU FEEL AFTER A DAY LIKE YOU'VE known them for years." Israeli television concealed the speaker's identity in shadows, as he told of the "outstanding" relationship between Israeli advisers and their *contra* pupils. The anonymous Israeli recounted that he himself had negotiated with the *contras* for weapons, ammunition and advisers, telling the television audience that more Israelis have been going to help the *contras*. "These guys would like to have Israeli instructors for small units who would advise them and train them in the field," he said.[1]

"One time I met with Gen. Simhoni," *contra* leader Adolfo Calero told Israeli Defense Forces Radio. "I heard that he might be of service to us once he retired." At the time of the meeting Uri Simhoni was Israeli military attache in Washington.[2] These were only two of a number of reports connecting Israel to the *contras* that appeared in the Israeli media last winter, following the stunning revelation by U.S. Attorney General Edwin Meese that Israel had passed profits from the sales of U.S. arms through Swiss bank accounts to the *contras*.[3] Meese's November 25 bombshell came just three weeks after the world had learned that Israel and the Reagan Administration had been selling quantities of U.S. weaponry to Iran; news of the *contra* link caused a brief sensation in Israel.

Yet in the United States, details of Israel's involvement were quickly submerged in reams of reportage on an affair which was assuming epochal proportions. The Reagan White House had let itself be drawn into dealing with Iran by a persistent Israeli government eager to sell weapons, and to perpetuate the bloody war between Iran and Iraq in order to keep its potential enemies occupied. [4] In Washington, the deals were variously justified as desirable diplomacy, as attempts to strengthen "moderate" successors to Ayatollah Khomeini or excused as efforts to ransom U.S. hostages held by pro-Iranian factions in Lebanon.

THE *CONTRA* SCANDAL HAD ACTUALLY begun to unfold in October, when the Sandinistas downed a cargo plane loaded with weapons for the *contras*. The surviving crewman, Eugene Hasenfus, began talking in captivity, providing the basic outline of a *contra* supply network manned by former U.S. military and intelligence officials, and coordinated by National Security Council (NSC) staffer Lieut. Col. Oliver L. North—under the close tutelage of the late CIA director, William Casey, it would later turn out. The activities were funded primarily by donations from foreign governments—Saudi Arabia, Israel, Egypt, Brunei—as well as by lesser donations from right-wing individuals and corporations and the proceeds from drug dealing, a *contra* activity that was becoming ever harder to ignore. [5] All this to continue a war forbidden by Congress and opposed by a majority of the U.S. public.

On November 25 a financial link (estimated at the time at $10 to $30 million) was established between this secret war against Nicaragua and the U.S.-Israeli dealings with Iran.[6] In the following weeks it would emerge that there was more than just a casual overlap in the personnel who ran the two operations—most notably the NSC's Oliver North and former Air Force Maj. Gen. Richard V. Secord—and the front companies they used to move money and arms.[7]

Israel's key role as an initiator of the arms sales to Iran was quickly passed over. "Even if the Government of Israel actively worked to begin the initiative and to keep it going, the U.S. Government is responsible for its own decisions," concluded the Tower Commission appointed by the president to investigate.[8] In the flow of outrageous details of lawbreaking by U.S. agencies and operatives in the secret war, the media, the Congress and thus the public, soon lost sight of Israel. Yet given its history in Central America, Israel's role in the *contra* side of the scandal could hardly be dismissed as a spontaneous gesture to help a friend.

Consider the January 1986 trip to Israel by Julio Montealegre, a top aide to Adolfo Calero, head of the main *contra* army, the Nicaraguan Democratic Force (FDN).[9] In retrospect, the two-week visit appears timed to the first diversion of Iran arms profits to the *contras*; if, as is now suspected, much of this money was immediately spent on weaponry, Montealegre was probably on an Israeli shopping spree. He was also, according to a *contra* leader, trying to arrange for delivery of the last shipment of arms Israel sold to Somoza in 1979. Israel recalled that ship only days before the Nicaraguan dictator fell.[10] It is ironic that while Washington had gone to great lengths to downplay the *contras*' Somocista past, the "democratic resistance" itself was apparently comfortable claiming its legacy as Somoza's rightful heir. "We have been trying to get those arms for a long time," an unidentified *contra* leader told the *Dallas Morning News*. A member of the Israeli parliament, the Knesset, confirmed that his government had agreed to Montealegre's request.[11]

SEEMINGLY BIZARRE, THE CONCATENAtion of the Iranian arms sale and the unauthorized war against Nicaragua was quite logically the product of six years of collaboration between the government of Israel and the Reagan Administration. Specifically, it was the interplay of the Administration's obsession with Nicaragua and Israel's desire to harness the power and wealth of the United States to its own foreign policy objectives; among these objectives, Nicaragua ranked quite low, given Israel's overriding concern that its involvement with the *contras* be kept a secret—especially from its liberal Democratic supporters in Congress, who were among the most adamant foes of Reagan's Central America policy. Selling arms to Iran, on the other hand, was of paramount interest to Israel.[12]

Israel was not adverse to discreetly lending a hand. According to several reports, support began during the earliest days of the *contras*' existence, as straggling remnants of Somoza's National Guard were mustered in Honduras and Guatemala.[13] It is also possible that Israel was part of a "holding operation" building the rudiments of a Nicaraguan "opposition" until Ronald Reagan took office.[14] The Israeli ambassador to Costa Rica supplied the fledgling *contras* with passports and aliases, facilitating travel within Central America.[15] Israel's ability to operate in the region—and its political clout with liberals in Congress and the media—appealed to the Reagan Administration, which sought to enhance longstanding intelligence ties between the two countries and secure Israel's full participation in its Central American scheme. [16] But the Israelis insisted on secrecy: *contra* leaders say they worked with Israel "quietly, usually outside Israel," obtaining weapons through the Israeli Embassy in Guatemala.[17]

A pattern of inducement—partially successful—soon emerged as the dominant theme in U.S.-Israeli relations concerning Nicaragua. In the first few months of the Reagan term, Israel received satellite pictures of Iraq's nuclear reactor "within the framework of an appeal to Israel for help to the *contras*." A grateful Israel made use of the pictures in June 1981 when it bombed and destroyed the Iraqui installation. [18] Also early on in the Reagan Administration—whether 1981 or 1982 is unclear—Israel agreed to sell the CIA East-bloc weapons for the *contras*.[19]

In November 1981, Washington and Tel Aviv signed a Memorandum of Understanding on Strategic Cooper-

ation. Besides ''strategic cooperation''—a euphemism for joint action in the developing world—Israel expected to gain U.S. funding for its aid programs in Africa, where it was trying to recoup diplomatic losses suffered in 1973 when all but three independent nations broke relations. [20] Israel also hoped for U.S. help in marketing its weapons. The memorandum was suspended the following month, after Israel annexed the Syrian Golan Heights, and relations further deteriorated in the aftermath of Israel's June 1982 invasion of Lebanon. [21]

YET IT WAS DURING THIS PERIOD THAT Col. Robert C. McFarlane, then an aide to Secretary of State Haig, began meeting with David Kimche, director-general of the Israeli Foreign Ministry, and formerly the number two man in Mossad, Israel's external secret service.[22] In 1981 McFarlane had prepared an option paper for Haig entitled ''Taking the War to Nicaragua.''[23] Their talks focussed on cooperation outside the Middle East. When McFarlane left the State Department to become the president's national security adviser, he established the U.S.-Israel Political-Military Committee, to maintain the dialogue between Kimche and senior State Department officials on a regular twice-yearly basis.[24] (It was to McFarlane that Kimche went in July and August 1985 with the request that Washington endorse Israeli arms sales to Iran.[25])

In late 1982, Israeli Defense Minister Ariel Sharon met with the directorate of the FDN in Honduras and is believed to have offered to take over the *contras* jointly with then Honduran strongman Gustavo Alvarez Martínez. Sharon, who had signed the 1981 memorandum on behalf of Israel, was hoping to earn points in Washington. On leaving Honduras, Sharon asked the United States to finance the proposed $100 million sale of 12 Israeli Kfir fighter aircraft to Honduras (see box).[26]

The *contras* were in need of professional help; the Argentine trainers engaged by the CIA in 1981 were pulling out in the wake of the Malvinas-Falklands War.[27] But Sharon was out of favor, both in Israel and in Washington, where there was also reluctance to introduce a new level of sophisticated aircraft to Central America.[28] Four years later, the subject of the Kfirs for Honduras would come up again, when Israeli Defense Minister Yitzhak Rabin offered White House staffer Oliver North 20-50 Spanish-speaking advisers for the *contras* in exchange for U.S. financing and approval of the Kfir sale. [29]

An arrangement was made at the time of Sharon's visit to funnel East-bloc arms—artillery pieces, mortar rounds, mines, hand grenades and ammunition—Israel had captured in Lebanon to the *contras* through Honduras.[30] Israel also supplied East-bloc AK-47 rifles to the *contras*: 500 to ARDE, the Costa Rica-based Revolutionary Democratic Alliance led by Edén Pastora;

Jeremy Bigwood

Hasenfus and Ortega

and 2,000 to the FDN in Honduras.[31] Based on estimates at the time, this would have armed one-quarter of the FDN's combatants. Adolfo Calero's brother Mario would later purchase 10,000 more AK-47s in Israel.[32]

It was not long after Sharon's visit to Honduras that the Administration, battling growing congressional skepticism over its policies, began actively recruiting Israel's help in Central America. In June 1983 the Political-Military Committee met and discussed ''the intention of the U.S. Administration to get Israel to supply the armies of the pro-American regimes [in Central America]'' with the funds ''the U.S. cannot directly transfer to its allies in the region . . . paid to Israel directly from the United States.''[33] Israel's response was apparently sufficiently forthcoming to cause Administration officials to note that ''Israel's cooperation in Central America'' had helped to improve relations between the two countries.[34]

That same month, Edén Pastora had been down to his last $3,000 and about to throw in the towel. But by August, Pastora was showing off new weapons; ''only the CIA or the Israelis could give us these,'' he said. [35] By September Pastora was able to increase his guerrilla force from 300 to between 2,000 and 3,000, thanks to ''increased donations from individuals in Venezuela, Colombia, Mexico, Peru and some European countries,'' as well as ''private American organizations and some Jewish groups.''[36] (It is not clear whether these ''Jewish organizations'' refer to Israel. Alfonso Robelo, then ARDE's co-director, spoke of donations from U.S. Jewish groups on several occasions.[37])

INCREASINGLY WORRIED THAT CONGRESS might clamp down on its activities in Central America, the Administration not only directly requested Israel to arm the *contras* during the summer of 1983, but also sought to pressure its ally into open support of the mercenaries by publicly revealing details of Israel's activities in Central America to *The New York Times*. Israel was giving up its role as an independent arms dealer to assume a new role as a quasi surrogate for the United States, the Administration asserted. [38] Israel adamantly denied it was acting as U.S. surrogate, even as Reagan officials offered motives: ''to oppose the Soviet Union, to combat reported PLO support for Nicaragua and to expand the market for Israeli arms.'' These would be a continuing theme in Administration efforts to involve Israel more fully in Central America—as would charges of anti-Semitism, leveled against the Nicaraguan government simultaneously with the ''leak'' to *The New York Times*. The charges were based on the expropriation of property owned by Somoza associates Isaac Stavisky and Abraham Gorn. Although refuted by the U.S. Ambassador to Nicaragua and subsequently deleted from the printed version of remarks President Reagan made to a Jewish audience, the charges of anti-Semitism would assume a life of their own, regularly revived by the Gorn and Stavisky families and the Anti-Defamation League of B'nai B'rith before important votes on *contra* aid.[39] Members of numerous Jewish organizations who traveled to Nicaragua to investigate the allegations found no proof of anti-Semitism—only lingering bitterness at the support Israel had given Somoza and ''the sort of sympathy with the Palestinian cause that is de riguer [sic] among left-leaning Third World regimes. This sentiment, coupled with the role Israel has played in arming rightist regimes throughout Latin America, has prompted the Sandinistas to adopt an avowedly anti-Zionist foreign policy.''[40]

Years later, *The Boston Sunday Globe* would report that the campaign on Sandinista anti-Semitism had been devised at the highest levels. After the Iran-*contra* scandal broke, former FDN leader Edgar Chamorro recalled his meeting with three CIA officers in Coral Gables, Florida in the spring of 1983, where it was decided to ''target'' American Jews with stories about Sandinista anti-Semitism. The CIA, said Chamorro, knew perfectly well that Stavisky and Gorn had been singled out for their collaboration with Somoza, not for their religion, but, the officers contended, ''the media was controlled by Jews, and if we could show that Jews were being persecuted, it would help a lot.''[41]

After the failure of its blatant and somewhat clumsy attempt to enlist Israeli involvement in July 1983, the Administration worked quietly to accomodate Israel. Secretary of State George Shultz and then Deputy National Security Adviser Robert McFarlane urged President Reagan to re-establish ''strategic cooperation'' with Israel; the president complied, signing National Security Decision Directive 111 in October 1983.[42] A month later, then Israeli Prime Minister Yitzhak Shamir came to Washington to jointly proclaim the new relationship, which Shamir said included ''a dialogue on coordinating activity in the third world.''[43] At the same time Israel was promised increased U.S. aid, short-term economic credits, concessions on the sales of Israeli weapons systems to the United States and a free trade agreement.[44] In return for this cornucopia, Israel seemed to be offering nothing. [45]

The Reagan-Shamir agreement was formally signed in March 1984.[46] Only days later the *contras* had spent the last of their U.S. aid, and CIA chief Casey and Vernon Walters, then the president's special emissary, had launched an intense search for alternative financing.[47] According to *The New York Times,* the Administration sought twice that year to use Israel ''to circumvent a Congressional ban on military aid to the contras'' with weapons, training and ''bridging,'' or stop-gap financing. Although Israel refused one request to launder and pass along U.S. funds to the *contras*, it responded to Administration appeals with several million dollars, believed to have been funneled secretly through a South American intermediary and reimbursed via U.S. aid allocations to Israel. [48] Several *contra* leaders confirmed they had made arrangements to secure Israeli assistance.[49] In fact, in early 1984 the aid Israel gave the *contras* ''became crucial to the war's continuation,'' in the view of Robert K. Simmons, a former staff director of the Senate Intelligence Committee. [50]

BUT THE ADMINISTRATION SOON MADE IT clear that it wanted more from Israel. The ''administration would like to see Israel encourage its own supporters in the Congress, the Jewish community and elsewhere to become more assertive in backing the 'contras,' '' wrote the *Jerusalem Post's* U.S. correspondent. Washington was willing to reward this ''higher Israeli political profile in support of U.S. policy in Central America'' with funding for development projects suggested by Israel.[51] The proposed aid fund—''independent of the [Israeli] government budget''—would also allow Israel to serve as a conduit for U.S. funds for the *contras*. This was the deal to be put before David Kimche of the Israeli Foreign Ministry at an April 1984 meeting of the Israeli-U.S. Political-Military Committee in Washington.[52]

As it had the previous July, the Administration sought to pressure Israel by calling public attention to its role in Central America. This time, it was the *contras* who went to the media. The FDN announced that it would appeal to Israel for aid. ''We have looked for private money, but there isn't enough,'' said Adolfo Calero. ''We need a government. We think the Israelis would be the best, because they have the technical experience.''[53] Noting the close ties between Nicaragua

and the Palestine Liberation Organization (PLO), Bosco Matamoros, the rebels' Washington representative, urged Israel to help the *contras*.[54] And FDN military chief Enrique Bermúdez appeared on NBC Nightly News to corroborate the network's report that booty from Israel's Lebanon invasion had armed 25% of the *contra* combatants.[55]

Amidst intense media speculation, Kimche met with Under-Secretary of State Lawrence Eagleburger on April 26, 1984. Congressional Democrats warned Israel not to become involved with the *contras* and just prior to the meeting, Israeli diplomats in Washington relayed their government a message "that the growing controversy over the Administration's policy in Central America could damage Israel's standing with Congress."[56] At a breakfast with reporters after the meeting, Kimche adamantly denied he had "come to arrange how Israel is going to take over the *contras*," but "acknowledged that the talks had included discussion of how Israel might increase its technical assistance programs in Third World areas, including Central America."[57] Israel's position, a former Israeli diplomat would later explain, was that it was willing to help the Administration in a joint attack on Nicaragua, but not "to get the onus for assisting the *contras* while the U.S. is standing aside and keeping their hands clean."[58]

Reluctantly, the Administration issued a statement that Israel had not been asked to become involved in the *contra* program—and that no agreement had been reached on funding Israeli aid programs.[59] Meanwhile, Israel again increased its covert aid, according to Administration and *contra* sources, giving the insurgents just under $5 million (of a total of $15 million reportedly collected from various sources by September 1984).[60] Part of Israel's contribution was in East-bloc and Chinese-made weapons, and part was in cash to "help the *contras* meet their $800,000 monthly payroll."[61]

In early 1985, both Reagan Administration officials and members of Congress confirmed reports that Israel had increased its shipments of rifles, grenades and ammunition and sent more advisers to the *contras*.[62] In February 1985 alone, two ships laden with Israeli weaponry were slated to arrive in Honduras—where corrupt officers signed for and passed arms along to the *contras* in return for a 30% commission. The cargo included Uzi submachine guns and ammunition which the *contras* planned to use in a commando raid on Managua.[63] Among the "dozens" of SA-7 surface-to-air missiles acquired by the *contras*—and used to down a Sandinista helicopter in December 1985—some were delivered by Israel, through either or both of its major dealers, Pesakh Ben Or (see box) or Sherwood International Export Corp., a U.S.-based firm widely assumed to be controlled by Israel. Former U.S. diplomat Wayne Smith said that the CIA had used Sherwood as a front to purchase East-bloc arms from Israel for the *contras*.[64] Ret. Gen. John Singlaub also arranged the delivery of SA-7s.

While it is known that Israeli advisers are paid top dollar—$6,500 to $10,000 a month, compared with the $5,000-$7,000 for Argentine advisers—and work from official Israeli military manuals and catalogs, their numbers and the precise nature of the "special" guerrilla training they give the *contras* are among the best kept secrets of the war against Nicaragua.[65] In early 1983 diplomatic sources said that 50 Israeli specialists in guerrilla and psychological warfare had gone to El Salvador and Honduras.[66] According to the anonymous informant who spoke on Israeli television last fall, the *contras* are eager for more Israeli trainers. Although Tel Aviv has tried to distance itself from the activities of a growing phalanx of advisers in Central America and elsewhere, there is compelling evidence that few of these retired military officers are mercenaries, or that the firms that employ them are totally independent operations, as the Israeli government claims. The government licenses the experts, approves their "security techniques" for export and "often passes less-desirable clients to private consulting firms."[67]

AFTER FAILING FOR THE SECOND TIME TO persuade Israel to openly embrace the *contras*, the Reagan Administration tried other means to tap the power of its "strategic" ally. "Private aid" was the name of the game as the efforts of *contra* backers such as Gen. Singlaub and the Alabama-based Civilian Materiel Assistance were often in the news. It turned out, of course, that this "private aid" was a smoke screen for the more devious—and lucrative—efforts coordinated by Oliver North out of the White House.

The first major step was taken in July 1985, when the Foreign Aid Bill (containing $27 million in "humanitarian" aid for the *contras*) was in a House-Senate conference committee. White House staff—threatening a presidential veto of the entire bill—sat down with Senators Richard Lugar and Claiborne Pell (the majority and minority chairs of the Foreign Relations Committee) and rewrote a Pell amendment forbidding the Administration to collude with third countries to pass some of their U.S. aid to the *contras*. The new version approved by Congress enjoined the president from using foreign aid to coerce recipients into funding the *contras*.[68]

This rewrite was apparently taken to authorize efforts by CIA Director Casey and UN Ambassador Vernon Walters already underway to extract kickbacks on U.S. aid from a number of countries. "When reminded of the substantial U.S. aid they receive," both Israel and Egypt contributed.[69] Some of the money Israel gave is said to have been passed through Oliver North.[70] While the largest contribution was extracted from Saudi Arabia by Gen. Richard Secord, Israel was

Ian **Edén Pastora**

in the advantageous position of receiving some of the Saudi money—and perhaps that of other donors—when funds were used to purchase arms for the *contras* from Israeli sources.[71]

In August 1985, National Security Adviser Robert McFarlane orally conveyed U.S. approval of Israeli arms sales to Iran.[72] There were no more public scenes over Israel's support for the *contras*. Appreciative of Administration backing of its Iran policy, Israel was now clearly coming through. During that 1985-1986 period when the *contras* were officially without U.S. aid, Israel "discreetly encouraged American Jewish bodies" to lobby Congress in favor of the $100 million the president was asking for the mercenaries.[73] It also sent at least six shiploads of East-bloc assault rifles, grenade launchers and ammunition to Honduras for the *contras*.[74] Further, some of the 400 tons of weapons supplied to the *contras* by the "private" network coordinated by Oliver North came from Israel. These arms were delivered to El Salvador's Ilopango Air Base by Southern Air Transport, a former CIA "proprietary" and one of the companies in the network North called "Project Democracy."[75] One planeload of arms—including AK-47 rifles and ammunition—came directly from Israel to Honduras in November 1986.[76]

IRANIAN FINANCING OF THE *CONTRA* WAR, as it were, began in January 1986. With Washington threatening to terminate the Iran "initiative," Israel was fighting desperately to keep the operation alive.[77] Meanwhile the Administration kept up the pressure, challenging Israel to make a success of the *contras*, who had never developed into an effective guerrilla force. "Oliver North drove us crazy with his requests to supply arms to the *contras*," recalled an Israeli "senior security source."[78]

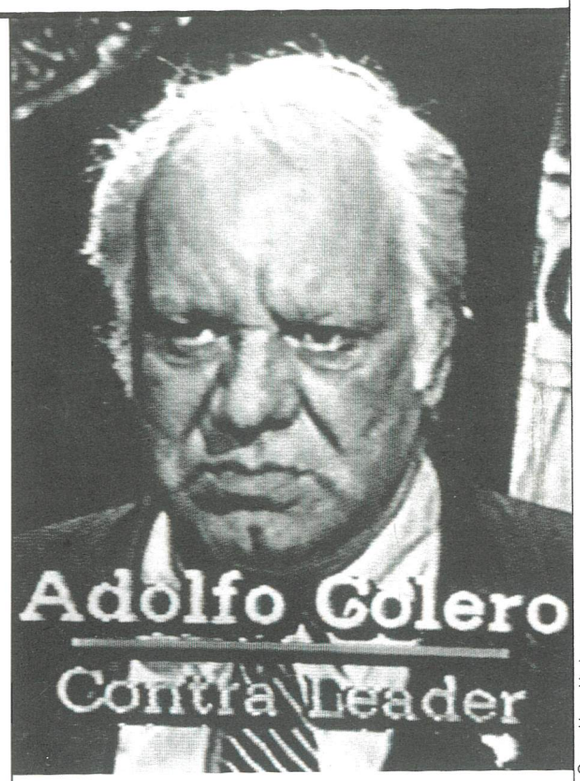
Given the previous dynamic of Israeli dealings with the Reagan Administration, it is not difficult to understand what happened next. Israel was already skimming some of the Iran profits for "other projects of the U.S. and Israel."[79] Unbeknownst to its Administration partners, Israel had been kicking back some of its windfall to Iranian "moderates," according to Adnan Khashoggi, the Saudi arms dealer whose participation in the Iran-*contra* affair was not his first covert foray with the Israelis.[80]

The suggestion to use some of the funds to beef up the mercenary war came from Israel—from then Prime Minister Shimon Peres himself, according to one report.[81] Testifying later to congressional committees, Attorney General Meese expanded on his November 25 announcement, saying that Oliver North had told him that he had discussed using profits from Iran for the *contras* with Amiram Nir, an adviser to Prime Minister Peres. Peres assigned Nir to the operation in January 1986, as a replacement for David Kimche and arms dealers Ya'acov Nimrodi and Al Schwimmer.[82]

North had also told Meese about a conversation he had with David Kimche, during which Kimche outlined three options for funneling money to the *contras*.[83] Kimche—who denies having had such a conversation—reportedly contended that it was a cardinal rule of covert professionals never to merge two operations.[84] Nir set the price the Iranians would pay, and in January 1986 he told North "that the Israelis would take funds from a residual account and transfer them to

a Nicaraguan account.''[85] The money will be hard to trace, apparently because much of it was recycled in Israel. According to *Newsweek,* except for about $5 million used by the resupply network, ''a good number of millions, went straight back from Switzerland to Israel to buy weapons for the *contras*.''[86] ''I imagine that the money was handed directly over to the arms suppliers and the arms were sent to us,'' a *contra* leader said. ''These things are all handled by the U.S. and Israel.''[87]

Even before Meese's announcement, the *Los Angeles Times* had learned that the Iran profits were being deposited in a Swiss bank account arranged by Adnan Khashoggi and that the account was run by Ya'acov Nimrodi.[88] But there were at least two other Israeli accounts connected with the operation.[89] According to *The Washington Times*, Swiss bankers had identified as intermediaries in the scheme Israelis Al Schwimmer, Arnon Milchen, Shlomo Cohen and Marcus Kritz (sic—possibly David Marcus Katz, the Mexico-based Israeli weapons salesman).[90] Al Schwimmer, former head of the state-owned Israel Aircraft Industries, worked with Nimrodi on arms sales to Iran until January 1986 when the two (along with Foreign Ministry Director David Kimche) were replaced by then Prime Minister Peres in favor of government personnel.[91] The Israeli ambassador to Honduras is named Shlomo Cohen.



Grace Hane Hedemann

Adolfo Calero

IN EARLY 1987, AS THE *CONTRA* SCANDAL swirled through Washington, it was reported that Israeli advisers were training *contras* at U.S. Army bases in Honduras.[92] The Administration had engaged South African pilots to drop supplies to the *contras*, Reuters reported, and a South African freight company, Safair, had—through its interest in the U.S. company, Globe Air—leased planes to Southern Air Transport in 1986 for the *contra* air drops.[93] Evidence began to mount as well that the Guatemalan military had played a more significant role in the *contra* supply operation than previously thought—and that there was an Israeli connection.[94] Israel's close ties with both countries presage its own continuing involvement with the *contras*, even as the investigation proceeds.

What role can Israel be expected to play after 1988, if the Reagan term concludes without an invasion of Nicaragua? Discounting other variables, two main factors appear necessary to continue the war and Israel's interest in that war: money and a complaisant Congress. Assuming that the investigations by Congress and special prosecutor Lawrence Walsh, coupled with public protest, will succeed in permanently turning off U.S. funds, South Africa would be the most logical replacement benefactor for the *contras*; the isolated white minority regime has an obvious interest in supporting right-wing governments and insurgencies. Yet it seems inconceivable that the apartheid state would undertake such a project except in alliance with Israel.

So far, Congress has avoided directing its scrutiny at Israel's role. The Israelis have allowed only written questions from congressional select committees. Even though they have dragged their feet in a manner one U.S. official described as ''intransigent,'' Sen. Warren B. Rudman (R-NH), vice chairman of the Senate Select Committee, said the Israelis' cooperation was ''excellent.''[95] Last winter, Sen. Daniel Inouye (D-HI), on a visit to Israel, expressed understanding for Israel's involvement in the Iran arms sales and said he believed Israel's assertion that it did not know anything about the diversion of profits to the *contras*. Sen. Inouye has since been appointed to head the Senate Select Committee investigating the scandal. ''In my relations with this [Israeli] government, it has always been honest with me,'' he told Israeli radio in March.[96]

Congress has long ignored Israel's military and nuclear cooperation with South Africa, as well as its support for Somoza and its role in Guatemala. The only possible conclusion that Israel could draw from this benevolent obliviousness is that its hesitancy to become full partners in Reagan's secret war was unnecessarily cautious, that its fear of angering the Congress was overblown. Will Israel see the *contras* into the 1990s? Probably, unless citizen protest prevents it. ■

GETTING DOWN TO BUSINESS

by MILTON JAMAIL AND MARGO GUTIERREZ

"THE GABRIEL WEAPON SYSTEM, AS other IAI products, has proven itself highly reliable and effective in naval engagements. This was proved when, for the first time in history, sea-to-sea missiles were used by opposing navies. This makes the Gabriel the only Combat-Proven Weapon System in the free world,'' reads the glossy brochure.

The government-owned Israel Aircraft Industries gets maximum advertising mileage out of the ''combat-proven'' nature of its weaponry, no doubt an attraction for customers. And they are priced competitively with those of other arms suppliers. But other factors lead Central American nations to seek Israeli advisers and arms. When U.S. military assistance programs were suspended to Somoza's Nicaragua, to the governments of El Salvador and Guatemala in the late 1970s and early 1980s and, more recently, to the Nicaraguan rebels, Israel filled the gap. Israel stepped in to support police forces in Costa Rica, Guatemala and El Salvador when the U.S. Congress banned such aid between 1974 and 1985.[1] In addition, Central American governments see a close military relationship with Israel as a political asset in dealings with Washington.

Nicaragua's relationship with Israel predates the Zionist state. Col. Anastasio Somoza García provided the Haganah—the Israeli military's forerunner—with the diplomatic cover necessary to purchase arms in Europe in the late 1930s.[2] In turn, Israel began to supply military equipment to Nicaragua in the 1950s. In February 1957 a Nicaraguan delegation visited Israel, and was rewarded with a $1.2 million arms sale negotiated by Shimon Peres, then a high defense ministry official and now the foreign minister. That same month Peres wrote to Col. Somoza, the Nicaraguan dictator who would be overthrown in 1979: ''Out of an awareness of the excellent and friendly relations between our two countries, we have tried, within our limitations, to provide every possible assistance to the success of your mission.''[3] Over a period spanning more than two decades, Israel sold tanks, light aircraft, armored cars, automatic rifles and ammunition to the Nicaraguan armed forces.

ISRAEL'S ARMS SALES TO NICARAGUA AND other Central American nations remained relatively noncontroversial until Nicaragua's Sandinista guerrilla movement (FSLN) gained momentum in its struggle to oust General Anastasio Somoza Debayle.[4] The savagery exhibited by Somoza's National Guard after the September 1978 insurrection focussed international scrutiny on human rights violations, prompting Washington to ban further weapons shipments. In the regime's final months, Israel provided 98% of Somoza's military supplies, estimated at $250 million.[5]

Ivan Montecinos

Salvadorean soldiers

Reporting on a secret Israeli arms delivery to Managua in November 1978, a recently declassified U.S. Embassy cable stated, ''Israel has supplied significant quantities and types of military equipment, arms and munitions to Nicaragua, especially in recent months, and [. . .] more is probably on the way in the near future.'' The cable also cited a report that civilian cargo planes delivered military supplies to Managua in November and that ''these were El Al planes . . . they landed after dark and then immediately departed.''[6]

One Carter aide has said the Administration "had decided against trying to prevent Israel from supplying light arms" to the Somoza government.[7] In his book *With the Contras*, former *Washington Post* reporter Christopher Dickey notes that even as they scurried to leave Nicaragua in July 1979, the Guard "looked nothing so much as Israeli soldiers, with their Israeli Galil rifles, and for those who had not thrown them away, their Israeli paratrooper helmets." [8]

Israel justified its role as Somoza's quartermaster by pointing to the "special relationship" dating from the late 1930s. But Somoza had also bestowed latter-day favors on Israel. As columnist Smith Hempstone noted at the time, in the United Nations "you will find Nicaragua casting its ballot in support of Israel."[9]

THE CLOSE TIES BETWEEN THE SOMOZAS and Israel and the use of Israeli materiel to fight the insurgency sheds light on Sandinista relations to the Palestine Liberation Organization (PLO). The FSLN viewed alliances with Somoza's enemies as self-preservation. Several Sandinistas trained with the PLO in the late 1960s and early 1970s. One of them, Patricio Argüello, was killed while participating in a PLO-directed hijacking in Europe in 1970.[10]

The Sandinista-PLO relationship, however, has not led Nicaragua to express a strong interest in the Middle East, nor has it precluded seeking to re-establish diplomatic relations with Israel, severed in 1982 due to Israel's invasion of Lebanon.[11]

In late 1984, Nicaragua's vice-president, Sergio Ramírez, declared that his country was prepared to reassess its relations with Israel. He explained that Nicaragua recognized Israel's right to exist as a sovereign state while at the same time acknowledging "the right of the Palestinian people to a territory."[12] Although it is not clear which camp made the first overture, Ramírez said he would welcome mutual initiatives leading to improved relations.[13] In the fall of 1984, a delegation of Israel's left-wing Mapam party visited Nicaragua. Its members detected no official anti-Jewish policy and issued a statement condemning U.S. aid to the *contras*.

"The Sandinistas impressed upon their guests the importance they attached to Israel's arms supplies to the *contras*, and they said this was one reason for Nicaragua's anti-Israel stance at international forums."[14] To a 1984 delegation of the New Jewish Agenda, a progressive activist organization, Ramírez had also indicated that current Israeli arms sales and training activities in Central America posed a substantial obstacle to normalization.[15]

In November 1986, *The Jerusalem Post* reported that the first official Sandinista delegation was to visit Israel.[16] A few months later, "whether because of the revelations in the wake of the Iran-*contra* scandal" or "because of Israeli attempts to sell Honduras Kfir aircraft," it was clear that the Nicaraguans would not be travelling to Israel, if in fact a visit had ever been planned.[17]

Meanwhile, Israel took stands against Nicaragua at the United Nations. On November 3, 1986 it joined El Salvador and the United States in opposing a General Assembly resolution asking Washington to end *contra* aid. The resolution passed by a vote of 96 to 3. On December 5, in an 88 to 2 General Assembly vote calling on the United States to immediately revoke its trade embargo against Nicaragua, Israel alone supported the U.S. position (Costa Rica and Guatemala abstained; Honduras and El Salvador were absent).[18]

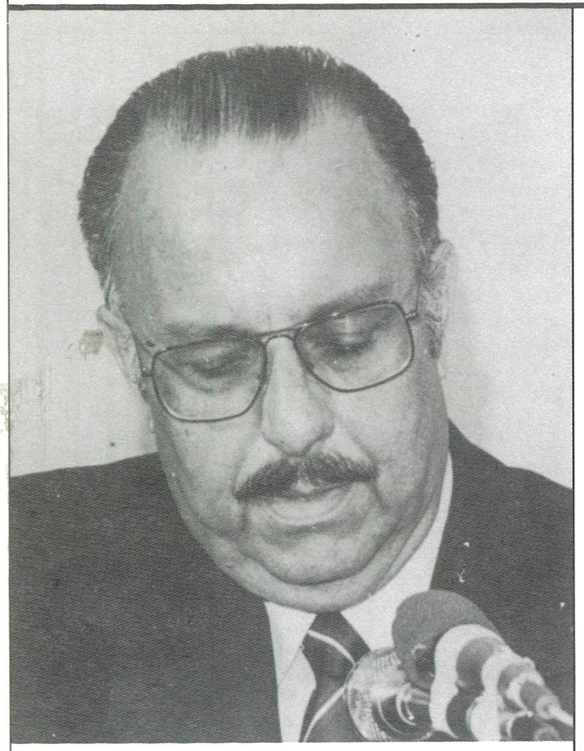
Early improvement in Israeli-Nicaraguan relations seems unlikely. Each blames the other for dealing with its mortal enemy. Israel cites Sandinista relations with the PLO—which maintains an embassy in Managua—in justifying its stance. The Nicaraguan government, on the other hand, finds it difficult to extend an olive branch to a country providing crucial assistance to forces which keep the country in a state of war. The Israelis are primarily concerned with pleasing friends in Washington, and helping Reagan in his most important foreign policy objective certainly does that.

IN DECEMBER 1983 THE HONDURAN National Airlines, SAHSA, diverted its regularly scheduled flight from San Pedro Sula to Tegucigalpa to drop off a group of U.S. tourists at the Atlantic coastal city of La Ceiba. As the plane taxied to the terminal, the passengers were surprised to see Honduras' military aircraft lined up along the runway. It does not take sophisticated technology or a trained observer to know that Honduras possesses a squadron of jet-fighters. These same French Super-Mystère planes were used against Sandinista ground forces at Wiwilí and Murra in northern Nicaragua on December 7, 1986.

Israel's delivery of 12 refurbished Dassault Super-Mystère "fighter-interceptors" in 1977 provided Honduras with Central America's first supersonic bombers.[19] The jet-fighter purchase was not Honduras' first from Israel, but it raised a few eyebrows in Washington.[20] The problem arose when Israel, by failing to inform the State Department that the Dassaults had been outfitted with U.S.-made Pratt and Whitney engines, "violated U.S. laws banning 'third country transfers' of U.S. military equipment."[21] The matter was settled with little fanfare; then U.S. Secretary of State Henry Kissinger accepted the Israeli explanation that it all had been "an honest misunderstanding." In addition to the fighter jets, over the course of the 1970s Honduras purchased from Israel three Arava transport planes, a Westwind jet, Galil automatic rifles, Uzi submachine guns, 14 RBY Mk armored cars, 106-mm mortars and five rapid patrol boats.[22]

Seeking more modern aircraft for an Air Force that defense analysts describe as having a "marked ascendancy in air power over neighboring countries," the head of the Honduran armed forces at the time, Gen. Gustavo Alvarez Martínez, made a "quasi-secret" visit to Israel in late 1982 in search of alternatives to U.S. planes—in case Congress blocked the Honduran purchase. [23] Israeli Defense Minister Ariel Sharon visited Tegucigalpa in December 1982, raising speculation that another arms sale to Honduras was imminent. Sharon, accompanied by the head of Israel's Air Force and the director-general of the defense ministry, stressed that in addition to discussing possible weapons sales and assistance to Honduras, he planned to sign agreements in the fields of health, agriculture and culture.[24] *The Christian Science Monitor*, citing Honduran military sources, reported that Sharon did, in fact, sign an agreement in which Israel agreed to provide Honduras with Kfir fighter jets (see box), tanks, Galil assault rifles and training for Honduran officers, troops and pilots. The Honduran officer added "that a second phase of arms sales may involve more sophisticated weapons, such as missiles."[25]

Honduran officials were pleased with the Sharon visit, which immediately followed one by President Reagan. As one functionary put it, "Sharon's trip was more positive. He sold us arms. Reagan only uttered platitudes, explaining that Congress was preventing him from doing more."[26]



Anastasio Somoza, April 1978

Israel's role in Honduras may now go beyond that of arms supplier. In early 1987, the president of the Honduran Congress, Carlos Montoya, announced on his return from the Middle East that Israel "would provide military assistance to para-military groups in Honduras similar" to the civil defense patrols used for counterinsurgency and social control in Guatemala and El Salvador.[27]

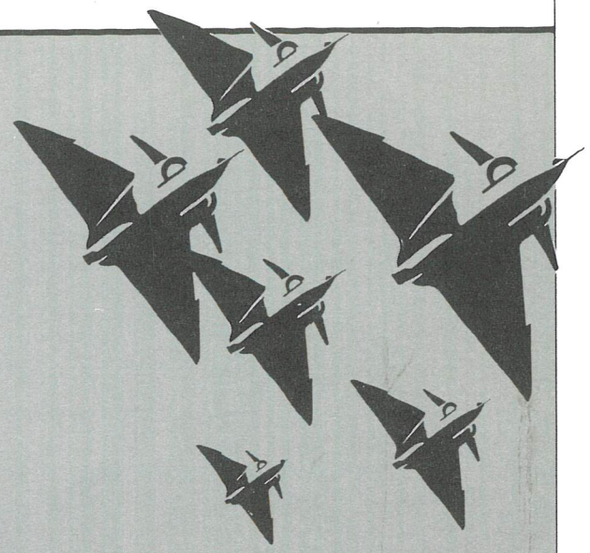
THE MARCH 1984 HEADLINE IN THE *EL SALvador News-Gazette,* a right-wing English-language weekly, read "Experts to work the Israeli miracle here." The miracle, according to Jaim Hay, director general of Arroyot, Ltd.—which represents a group of Israeli kibbutzim—aims to get Salvadoreans to branch out a bit. "Traditional crops should be forgotten . . . start using those fertile lands, that have ample water and the manpower to start producing broccoli, cauliflower, asparagus, artichokes and bell peppers . . . melons and other things you can export now that you have this beautiful weather." But Arroyot's first project in El Salvador involves raising geese, destined for *paté de foie gras* and smoked goose. Hay notes "these are two items which are found in the leading restaurants everywhere." [28]

What sounded rather absurd in 1984 became less so in 1986 when the U.S. Agency for International Development (AID) agreed to finance Israeli agricultural technicians in El Salvador. By then the project involved working with farmers "to support labor intensive export fruit and vegetable production, grown under partially irrigated conditions."[29] Through the private sector think-tank, the Salvadorean Foundation for Economic and Social Development (FUSADES), Israelis provide advice on processing melons and watermelons for export.

Critics of the scheme have commented that "once you have Israeli technicians coming into the country, you can have military trainers coming in under the guise of agricultural technicians. That is what they did in Guatemala."[30] This Israeli-U.S.-Salvador project could be related to the counterinsurgency effort, which of late has included attempts to resettle the country's more than half a million displaced persons. One European diplomat told Reuters that other governments had been reluctant to offer such technical assistance for that reason. Israel's Ambassador to El Salvador, Aryeh Amir, confirmed that Israeli community-development assistance would be channeled through the governmental Directorate of Community Development (DIDECO). If successful, the "miracle" would also serve to integrate peasants into a market economy, a one-time goal of the U.S.-directed project.* But "it is equally plausible that Israeli experts were assigned to

*See "El Salvador: Medea's Children," in this issue.

Israel's Young Lion



IN MID-MAY THE REAGAN ADMINISTRATION notified Congress of its intention to sell Honduras 12 F-5E supersonic jet-fighters. Although Washington sources say congressional approval of the sale is not a foregone conclusion, it will likely go through. The Administration's decision seems to have put an end to talk of Honduran purchases of Israeli Kfir-C2s.

Delivery of either of these sophisticated aircraft would increase considerably the capability of the Honduran Air Force, already considered superior to any other in Central America. Some fear the sale is designed to provoke Nicaragua into acquiring the Soviet equivalent, the MIG-21—which the Reagan Administration has pledged to destroy—or other East-bloc planes. Congressional aides acknowledge "that delivery of aircraft to Honduras could be the first calculated step of a U.S. military attack on Nicaragua."[1]

While Israel seems to have lost out to the lower priced U.S. plane this time around, the Kfir will remain the flagship in the Israeli arsenal. The Kfir-C2—Kfir means young lion in Hebrew—is the "most sophisticated fighter ever manufactured in a developing country."[2] Although designed and built in Israel, the plane is based on "stolen blueprints of France's Mirage-5 to which the powerful American-made General Electric J-79 engine was added."[3]

Israel Aircraft Industries (IAI) delivered the first Kfir planes to the Israeli Air Force in 1975. The Israelis claimed their aim in producing the Kfir was to "avoid overdependence on the United States for front-line fighters," and assured the Administration that "there was no intention of exporting the aircraft."[4] Nonetheless, the Rabin government gave its approval for marketing the Kfir abroad the following year, despite inherent political problems, among them congressional restrictions on the sale of weaponry containing U.S. components.[5]

After President Carter vetoed the first sale of the Kfir to Ecuador in 1977, IAI President Al Schwimmer went to Washington to complain. In an apparent effort to compensate for this $150 million loss and to appease Israel's congressional friends, the president raised Israel's 1978 U.S. aid package by $285 million in economic support funds.[6] Shortly after taking office in 1981, President Reagan approved Israel's request to sell 12 Kfirs to Ecuador at an estimated purchase price of $196 million.[7] Forty-eight of the 56 Kfir jet fighters exported by Israel have gone to Latin American air forces—12 to Colombia and 24 to Venezuela.[8]

KFIR SALES TO CENTRAL AMERICA HAVE been in the works since 1979, when arms trade analysts noted Guatemala's interest. Those negotiations were blocked because of U.S. restrictions. *Latin America Weekly Report* reported in 1981 that "Israeli instructors are also training Guatemalan pilots in the use of Kfir jets." The sale was reportedly made in 1984, but there is no evidence that any Kfirs have actually been delivered.[9]

Israel has been discussing Kfir sales to Honduras since Ariel Sharon visited Tegucigalpa in December 1982, when a preliminary contract appears to have been signed. Though the issue remained high on the Israeli agenda, it did not resurface until last year. The Tower Commission mentions a May 8, 1986 memo from Lt. Col. Oliver North to National Security Adviser John Poindexter:

> DefMin Rabin sent his MilAide to see me with the following offer: The Israelis wd be willing to put 20-50 Spanish military trainers/advisors into the DRF [Democratic Resistance Force] if we want this to happen. They want to do this in concert with an Israeli plan to sell KFIR fighter to Honduras as a replacement for the 28 yr old [Super Mystere] which Honduras wants to replace . . . Rabin wants to meet w/me privately in N.Y. to discuss details. My impression is that they are prepared to move quickly on this if we so desire. Abrams likes the idea.[10]

The Israeli defense ministry acknowledges the meeting, but alleges that the request for advisers came from North and that Rabin refused.[11]

The Israelis have turned the congressional restrictions on sales upside down, arguing that U.S. components facilitate U.S. financing of the Kfir sale to Honduras. For some time, Israel has been trying to persuade the United States to arrange for weapons purchases by a third country.[12] Congress has until mid-June to halt the $72 million F-5E deal. According to *The New York Times*, Guatemalan officials have asked for similar aircraft while El Salvador has asked congressional allies to vote against the F-5E sale to Honduras. Delivery of either the F-5E or the Kfir to Honduras or Guatemala would violate the Contadora Treaty draft provisions calling on Central American governments not to import advanced weapons systems. ■

MJ and MG

El Salvador as a gesture of thanks to that country for having moved its embassy to Jerusalem in 1984".[31]

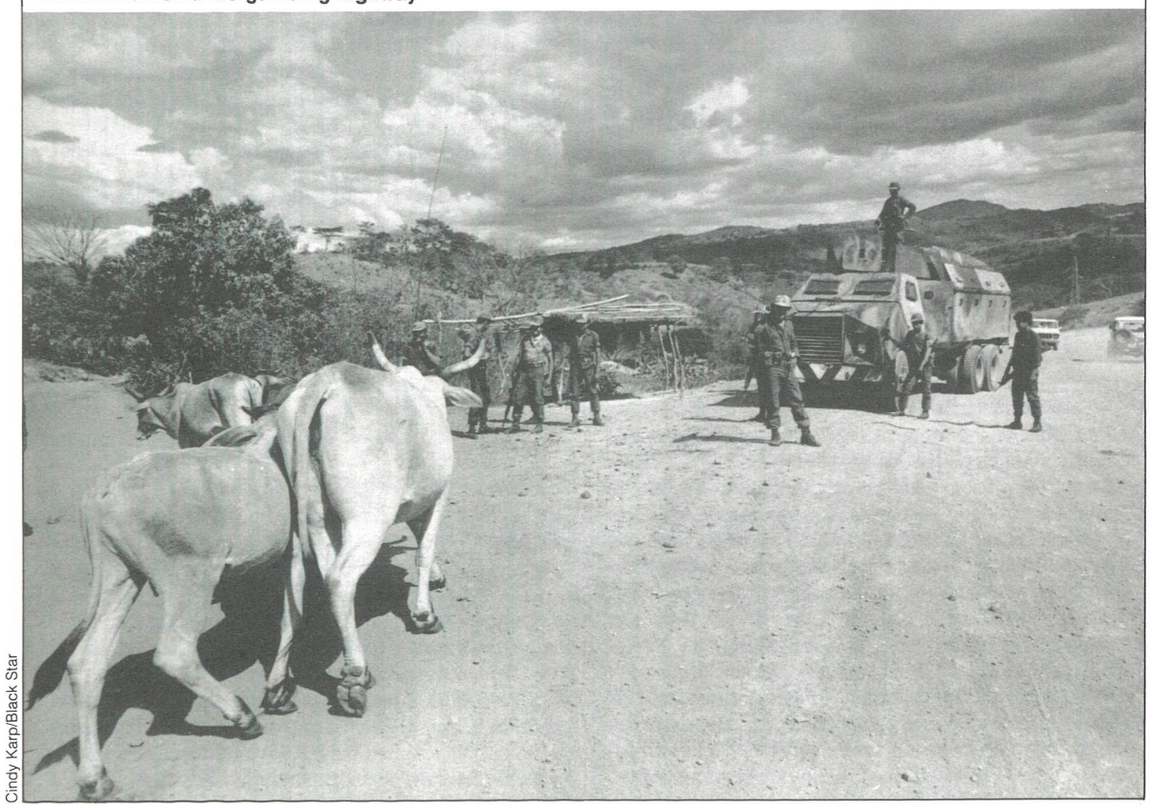
WITH MOST MILITARY HARDWARE COMing from the United States, Israel's role in El Salvador in the 1980s has shifted from munitions supplier to a more refined involvement in counterinsurgency. But during the 1970s and early 1980s, Israeli military assistance was crucial, particularly after 1977 when U.S. aid was suspended due to gross human rights violations. According to the Stockholm International Peace Research Institute (SIPRI), 83% of El Salvador's defense imports between 1975 and 1979 were from Israel.[32] This included 25 Arava aircraft; six Fouga Magister trainer planes; 18 Dassault Ouragan jet fighters; 200 80-mm rocket launchers; 200 9-mm Uzi submachine guns; ammunition and spare parts.[33]

While El Salvador got the military equipment, Israel gained on the diplomatic front. Israeli social scientist Edy Kaufman comments that "the first arms negotiation with El Salvador [1973] preceded the announcement of the first exchange of embassies in Jerusalem and San Salvador by half a year."[34] A 1983 agreement between El Salvador and Israel, providing for the relocation of the Salvadorean Embassy in Israel to Jerusalem, also discussed further Israeli military aid to El Salvador.[35] In April 1984 there were more rumors about increased Israeli military involvement in El Salvador. At that time, however, Yossi Amihud, spokesperson for the Israeli foreign ministry, denied that "Israel had any military relationship with El Salvador."[36]

In addition to selling arms, Israel has assisted in a number of other military and security-related capacities. In 1981, Israel granted the Salvadoreans $21 million in arms credits, interpreted by many as a favor to Washington as it enabled the Reagan Administration to bypass Congress.[37] The Israeli daily *Davar* reported in 1984 that "the Pentagon wants Israel to send military advisers to El Salvador openly, as a demonstration of Israeli participation in the load the United States bears in Central America."[38] Israel has also reportedly provided El Salvador with an estimated 100 counterinsurgency trainers. Air Force Commander Rafael Bustillo admitted in 1984 that the Salvadorean military had purchased napalm from Israel which was used in El Salvador for a number of years, at least until 1981.[39] Then U.S. Ambassador Thomas Pickering (now ambassador to Israel), confirmed that the napalm was "probably of Israeli origin."[40]

Israeli *savoir faire* clearly commands the respect of

Salvadorean soldiers guarding highway



Cindy Karp/Black Star

some within the Salvadorean armed forces. In early 1985, deputy minister of defense for public security, Colonel Carlos Reynaldo López Nuila, ''travelled to Israel where he reportedly explored the possibility of Israeli training for internal security forces.''[41] Army Lt. Colonel Sigifredo Ochoa Pérez credits his training by Israelis in both Israel and El Salvador in the mid-1970s for his military development.[42] The controversial Ochoa—''a smart practitioner of modern counterinsurgency techniques,'' according to a seasoned reporter—has been mentioned as a possible presidential candidate for the Right. Ochoa believes that a conflict such as El Salvador's allows no neutral civilians. In 1983, when asked if his civic-military action was based on the U.S. experience in Vietnam, Ochoa replied, ''They lost. The Americans know nothing. . . . The Taiwanese and the Israelis do know.''[43] In 1985 Ochoa told the *Dallas Morning News* that El Salvador's new civil defense units ''will be like the armed patrols on the Israeli kibbutzim.''[44] Ochoa has commented that he favors an ''Israeli solution'' to what he sees as Nicaraguan support for Salvadorean guerrillas. For Ochoa, Nicaragua would become the Central American Lebanon.[45]

IN ISRAEL THERE IS A PINE FOREST NAMED for former Costa Rican President Luis Alberto Monge, Israel's way of saying thanks for Costa Rica's consistent diplomatic support of Israeli foreign policy objectives and for locating its embassy in Jerusalem. Unlike its neighbors, Costa Rica has no internal security threat and the armed forces were disbanded in 1948; Israeli security assistance has thus been limited. Yet as early as 1982, Israel and the Reagan Administration were urging Costa Rica to arm itself, with some apparent success. London's *Latin America Newsletters* reported in 1984 that in an area along the Costa Rican border, the civil guard ''has adopted Galil rifles and Uzi sub-machine guns as its official arms.''[46] The report stated that in addition to the weaponry, the Israelis have provided advice, particularly in intelligence and communication.

Costa Rica has long maintained good relations with Israel. President Monge (1982-1986) was formerly his country's ambassador to Israel.[47] As early as 1964, when Costa Rica was creating its National Youth Movement under Israeli direction, a representative of Israel's Ministry of Defense went to Costa Rica to convince officials that the Israeli paramilitary youth organization, Gadna, was an attractive prototype.[48]

In late 1982 Israel offered Costa Rica—as it had Honduras—''a substantial amount of military equipment captured from Palestinian forces in Lebanon if Costa Rica would pay for the transportation costs.''[49] Israel has provided intelligence and anti-terrorist training to Costa Rican security forces. Then Deputy Security Minister of Costa Rica, Johnny Campos, admitted that Israel was helping train Costa Ricans in intelligence matters, although he denied any other kind of military assistance.[50] Israel has, according to Edy Kaufman, engaged in the training and reorganization of Costa Rica's national police.[51]

In May 1986, Costa Rican Security Minister Hernán Garrón confirmed that the new government of President Oscar Arias was preparing to receive Israeli military advisers. In a press conference Garrón said that he will press for the formation of a unit called *Combate Antiterrorista* to be formed with Israeli government help.[52]

IN 1983, COLUMNIST JACK ANDERSON REported that the United States and Israel were involved in a land-development scheme called the ''Northern Zone Infrastructure Development'' which included buying up land along the Nicaraguan-Costa Rican border, clearing roads through the wilderness, and moving in thousands of settlers. ''Israel will provide the technical expertise, presumably based on its experiences with settlements in the West Bank area.''[53] The Israeli daily *Yedi'ot Aharonot* had reported several months prior to Anderson's story that ''the government of Costa Rica has decided to try and create a 'security belt' along the border with Nicaragua, and Israel will aid the settlement plan.''[54] The Israeli-U.S.-Costa Rican settlement program fits nicely into Washington's attempt to encircle Nicaragua.[55] A Reagan official conceded that an additional purpose of the project is to provide a military infrastructure in case of conflict with Nicaragua.[56]

> Financing apparently comes from AID and Israel provides the advisers. The idea is to move anti-communist Costa Rican farmers up to the border, and supply them with infrastructure, credit and technical services. They would be providing cover for the *contra* base camps scattered throughout the area.[57]

Yet another joint AID-Israel project initiated last year sought to help growers ''determine obstacles to planting irrigated industrial tomatoes.'' It is located in Guanacaste province, along the Nicaraguan border—a scene of high *contra* activity.[58]

Héctor Francés, an Argentine *contra* adviser until 1982, offered an interpretation of the importance of stationing Costa Rican security forces along the Nicaraguan border.

> The point of concentrating troops would be to prevent the Sandinista Popular Army—once having forced it into armed confrontations—from being able to carry out strategically critical maneuvers within Costa Rican territory in its own legitimate self-defense.[59]

Although often unnoticed, Israel's security assistance to Costa Rica and aid in agricultural schemes along the Nicaraguan border have played a crucial role in U.S. Central American strategy. ■

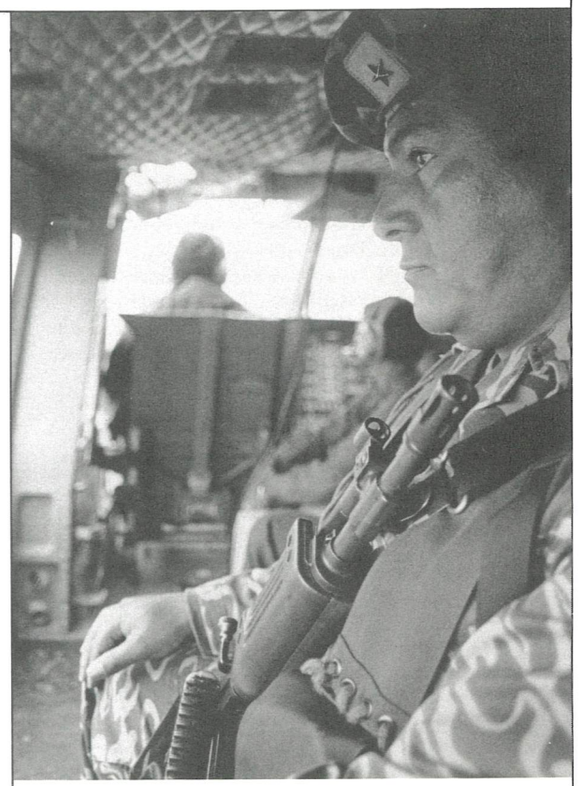
GUATEMALA: THE PARAGON

By MILTON JAMAIL AND MARGO GUTIERREZ

A PRODUCER FOR CBS'S *SIXTY MINUTES*, who had set up camp last January at Guatemala City's Camino Real Hotel, was sharing his views around the pool. Israeli involvement in Guatemala is ''old news,'' he said, the cutting edge of the Central America story was Honduran aid for the *contras*. The producer was right, Guatemala is no longer the cutting edge of the story, but it was for much of the early 1980s, and although covered in the United States, few seemed to notice.

A casual visitor to Guatemala today would probably not detect Israeli military involvement. Yet someone looking into Israel's role would notice its presence everywhere. As the plane taxis after landing at La Aurora airport, two Israeli Arava aircraft can be seen on the right while on the left a soldier in full combat gear jogs along the runway, carrying an Israeli Galil rifle. Even the radar at the airport was installed by Israelis.

On the way into town, just across from the U.S. Embassy, the taxi passes Magnum Security, a private Israeli firm specializing in personal protection for Guatemala's wealthy. A few blocks further down Avenida Reforma is the Hotel Cortijo Reforma, headquarters of the region's largest Israeli arms dealer, Pesakh Ben Or (see box). Close by is an Army complex housing an Israeli computer system installed in the early 1980s; another system used by military intelligence lies inside the National Palace.



Marcelo Montecino

Guatemalan soldier with Galil

THE IRAN-*CONTRA* SCANDAL SEEMS TO have legitimized discussion of Israel's role in Guatemala. The lead paragraph of a December 12, 1986 *Washington Post* story on the Israeli arms industry observes: ''Today Guatemalan troops wear Israeli uniforms, tote Israeli automatic rifles and conduct counterinsurgency operations learned from Israeli instructors.''[1]

Actually, CBS News broke the mainstream media ice some four years earlier. In February 1983 anchorman Dan Rather said ''Israel has helped [Guatemala] wage a war with no questions asked.'' The report added that Israel had provided Guatemala with automatic weapons, helmets, troop transports and other equipment. ''And they didn't send down human rights activists or priests. They taught the Guatemalans how to build an air base. They set up their intelligence network, tried and tested on the West Bank and Gaza, designed simply to beat the guerrilla.''[2]

While the Israelis have consistently denied or underplayed their involvement, Guatemalan military leaders have not. Former Army chief of staff, General Rodolfo Lobos Zamora, following a visit to Israel in 1985, confirmed that the Israeli government supplies the Guatemalan Army, adding ''that is why sometimes [Israeli] military personnel come to observe the quality and performance of things we have . . . It's no secret.''[3] Another former chief of staff, General Benedicto Lucas García, brother of the former president, has been even more forthcoming, noting that Israel ''was the only country that gave us military support in our battle against the guerrillas.''[4]

ALTHOUGH SOMOZA'S AID TO THE Zionists in the 1930s and and 1940s has been written about, Guatemala played a much more significant and open role in the creation of the state of Israel. Latin America's support for Israel in the 1940s was

critical, since it constituted a third of the then 60-member United Nations General Assembly. Within that bloc, Guatemala's position proved decisive.

In 1947, faced with growing Arab resistance to Zionist plans to create a Jewish state in Palestine, Great Britain turned the issue over to the United Nations Special Committee on Palestine. Among the appointees was Guatemalan diplomat Jorge García Granados, representing the reformist Arevalo government. The committee recommended an end to the British mandate over Palestine and proposed, with García Granados' strong support, the principle of partition. Without the partition plan, "Israel would not have been created, because at that time Jews were only 35.1 percent of the population of Palestine and owned only 7 percent of the land."[5] Guatemala became the second country, after the United States, to recognize the state of Israel and in 1955 was the first Latin American nation to set up a diplomatic mission in Jerusalem.

IT WOULD BE EASY TO CONCLUDE THAT Israel is simply acting as U.S. proxy in Guatemala. But it would be more accurate to say that in Guatemala the independent foreign policy agendas of Israel and the United States coincide quite neatly. Although Israel points to its early "special relationship," it is important to note that the relationship was initiated by a progressive government in the context of what the Guatemalans perceived as an anti-colonial struggle in Palestine.

The situation has changed considerably in the ensuing 40 years. Today it is an alliance between an Israel which wants or needs to please Washington, requires a market for its weaponry and seeks allies at the UN, and

Deadly Trade

A NUMBER OF ISRAEL'S MAJOR ARMS dealers are known to have acted as intermediaries and "cut-outs," or fronts in Israeli deals with the *contras*.

Al Schwimmer, who founded the state-owned Aircraft Industries (IAI), is reputed to be one of Israel's biggest arms dealers. Serving as a special assistant to his close friend Prime Minister Shimon Peres in 1985, Schwimmer was one of the first Israelis involved in the scheme to sell weapons to Iran. In late 1984 and early 1985, he "made an undetermined number of sales of Israeli-owned weapons" to the *contras*.[1]

Ya'acov Nimrodi, who joined Schwimmer in setting up the Iran "initiative," was Israel's military attache in Iran from 1955-1979.[2] Through a company he owns in the United States, Nimrodi handled *contra* arms shipments paid for with an Israeli government donation of several million dollars, made at the request of then CIA Director William Casey. A former employee of Nimrodi's said the dealer—who is reputed to be one of Israel's richest men—made the sale as a "favor" to the rebels, and took only "a small fee" for himself.[3]

David Marcus Katz, the Mexico City-based agent of at least 17 Israeli weapons manufacturers, "helped broker" an arms deal for the *contras* in 1985.[4] Katz is a major contributer to Israel's religious Right.[5] Closely associated with Anastasio Somoza, Katz accompanied Ariel Sharon on his 1982 trip to Honduras.

Pesakh Ben Or, based in Guatemala and Miami, sold three shipments of arms—rocket-propelled grenade launchers, grenades, assault rifles and ammunition—to the *contras* through the Honduran military. Ben Or presented documents of sale bearing the signature of Col. Julio Perez, chief of logistics in the Honduran Army's Ordinance Corps, to the Israeli Defense Ministry, but other arms dealers said the shipments ended up with the *contras*. Honduras does not use RPG-7 grenade launchers.[6]

Ben Or, 36, is a former Israeli Defense Forces paratrooper who learned his trade as David Marcus Katz's chauffeur.[7] He is a close friend of former Guatemalan Army Chief of Staff General Rodolfo Lobos Zamora and of 1985 presidential candidate Jorge Carpio Nicole. With a suite of offices in Guatemala City's Cortijo Reforma Hotel—directly across from Army headquarters—Ben Or is Israel's top salesman in Guatemala and is reported to earn more than $1.5 million annually.[8]

The state-owned Israel Aircraft Industries and private weapons and electronics firms represented by Ben Or set up a munitions factory in Guatemala's Alta Verapaz department. Ben Or told the Israeli daily *Ma'ariv* that he had arranged Israeli supplies for the Guatemalan Army's communications and electronics school in 1981.[9]

The Washington Post notes that "Ben Or was a key figure in supplying Israeli arms and military communications equipment to Guatemala after the Carter Administration's cutoff in the late 1970s." Included in the equipment were spare parts for the country's U.S.-made helicopter fleet. Ben Or also handled the Israeli sale of 12,500 second-hand rifles for Guatemala's civilian defense forces, a delivery halted temporarily by U.S. customs officials in Florida, and has arranged jobs for former Israeli soldiers as body guards for Guatemalan politicians. [10]

Pinhas Dagan, a representative of IAI for the territory between Mexico and Colombia, was a senior employee at the Sherwood International Export Corp. at the time Sherwood was selling arms to the *contras*.[11] Amos Gil'ad, another senior Sherwood employee and a former Israeli transport officer, introduced Gerard Latchinian to Ben Or.[12] Latchinian was arrested by the FBI for his role—obtaining the weapons—in an assassintion plot against then Honduran President Roberto Suazo Córdoba.[13]

Emil Sa'ada, a former employer of Latchinian, was identified by Honduran military sources as one of two former Israeli military men who had "helped arrange" arms shipments to the *contras* in deals dating back to 1984.[14]

Yehuda Leitner, the second Israeli named by the Hondurans, worked for one of Sa'ada's Honduran operations. He was also employed by ISDS, an Israeli "security expertise" exporter.[15] ■ **MG, JH, and MJ**

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SIPRI calculates that between 1975 and 1979, 39% of Guatemala's weapons imports were from Israel.[12]

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NG THE EFFI- ciency of the Guatemalan police and military has been the use of sophisticated computer technology. The Army Transmissions and Electronics School, inaugurated by President Romeo Lucas García in 1981, was "designed, staffed and funded by Israelis."[19] Col. Carlos Aníbal Méndez Cabrera, who is in charge of the school, explained that "teaching methods, the teaching teams, the technical instruments, books, and even the custom furniture were designed and built by the Israeli company DEGEM Systems."[20] The opening ceremony was attended by the Israeli ambassador to Guatemala.[21] Expressing his appreciation for Israel's assistance, Gen. Benedicto Lucas García noted that the Army school was a "positive step," and that Guatemala had been brought up-to date militarily, "thanks to the advice and transfer of electronic technology" from Israel.[22] Israeli social scientist Benjamin Beit-Hallahmi notes that in Guatemala "utilization of computers in counterinsurgency follows the Israeli experience of

ering a number of Arava aircraft, Uzi submachine guns and a variety of heavier arms including bazookas.[9]

In 1977, Guatemala once again turned to Israel. The United States had cut off military aid in response to a "consistent pattern of gross violations of internationally recognized human rights." Within three months, Guatemala began to receive large shipments of Israeli-made weaponry. Soon the standard-issue Garand M-1 was replaced by the Israeli Galil assault rifle, and to this day Israel remains Guatemala's main supplier.

What had been a secret trade became public a few months later when the government of Barbados seized a ship loaded with 65 tons of Israeli guns destined for Guatemala.[10] Later that year, a private plane travelling from Portugal to Guatemala landed in Bridgetown, Barbados for emergency repairs. Tipped off by British intelligence, the local police inspected the plane and found 26 tons of arms and ammunition from Israel.[11]

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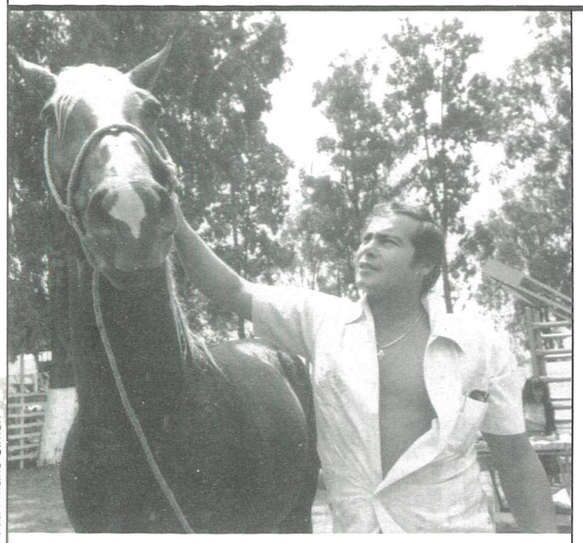
Jean-Marie Simon

Ben Or, arms trader

a repressive Guatemala which needs military assistance. In 1981 Israel's ambassador to Guatemala, Moshe Dayan (no relation to the late defense minister), hailed the country as "one of our best friends."[6] The following year, a Guatemala City political and business leader told the *Los Angeles Times,* "We're isolated internationally. The only friend we have left in the world is Israel."[7]

ALTHOUGH GUATEMALAN MILITARY OFficials visited Israel as early as 1964, it was not until after a 1975 trip—ostensibly seeking assistance for agricultural co-operatives—that Israel became a major source of arms for Guatemala.[8] That year Great Britain persuaded the United States to hold back on sales to Guatemala, which was threatening the neighboring British colony, Belize. Israel filled in by delivering a number of Arava aircraft, Uzi submachine guns and a variety of heavier arms including bazookas.[9]

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While most deliveries draw little attention in Guatemala, the sale of heavy military equipment is easier to detect. Among Guatemala's major purchases are 17 Arava aircraft, used extensively in counterinsurgency.[13] Israel Aircraft Industries describes it as a "passenger/cargo versatile aircraft that solves the transportation problem of inaccessible developing regions," and adds, "it also enables police units to control more effectively large areas with small units having limited ground transport."[14] While Guatemala uses the Arava for its agricultural development programs, its main purpose is military. Gen. Benedicto Lucas García stated in a 1986 interview that "Israel helped us in regard to planes and transportation—which we desperately needed because we had problems in transfering ground forces from one place to another." When asked if he was refering to the Arava, he affirmed, "Yes, to Arava planes."[15] As early as 1979, *The Nation* reported that "the Guatemalans have equipped their ten Aravas with forward-firing machine guns and underwing carriers for gunships."[16]

In early 1984, Guatemala purchased 12,000 rifles from Israel. Ostensibly for training, the rifles actually armed civil defense patrols, part of the military's counterinsurgency effort. Israeli government officials claimed that the rifles "were not a government-to-government transaction," and added that they were sold by a former partner of David Marcus Katz, Israel Aircraft Industries representative in Mexico.[17] The arms dealer has subsequently been identified as Pesakh Ben Or. By 1986, Guatemala had reportedly received helicopters, three Dabur patrol boats, hundreds of tons of light arms and ammunition, bazookas, 81-mm mortars, grenade launchers and Uzi submachine guns.[18]

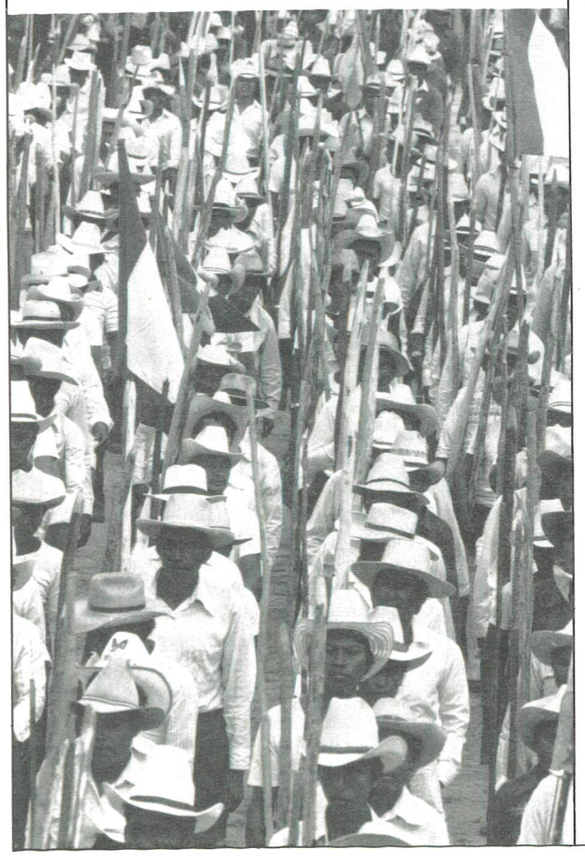
A KEY TOOL IN UPGRADING THE EFFIciency of the Guatemalan police and military has been the use of sophisticated computer technology. The Army Transmissions and Electronics School, inaugurated by President Romeo Lucas García in 1981, was "designed, staffed and funded by Israelis."[19] Col. Carlos Aníbal Méndez Cabrera, who is in charge of the school, explained that "teaching methods, the teaching teams, the technical instruments, books, and even the custom furniture were designed and built by the Israeli company DEGEM Systems."[20] The opening ceremony was attended by the Israeli ambassador to Guatemala.[21] Expressing his appreciation for Israel's assistance, Gen. Benedicto Lucas García noted that the Army school was a "positive step," and that Guatemala had been brought up-to date militarily, "thanks to the advice and transfer of electronic technology" from Israel.[22] Israeli social scientist Benjamin Beit-Hallahmi notes that in Guatemala "utilization of computers in counterinsurgency follows the Israeli experience of

using the same technology to control the occupied territories.''[23]

The computer system has a dual purpose: first, to track the activities of guerrillas, and second, to coordinate all of Guatemala's security forces. This was confirmed by Benedicto Lucas García in 1986. ''Israel helped us set up two computer centers—not one. One was set up to serve 'G-4'—the Army's logistic branch with which most of the departments of the General Command in the Presidential Palace are connected. The second is actually the nerve center of the armed forces, which deals with the movements of units in the field and so on.''[24]

Today in Guatemala, something as ordinary as renting an apartment is subject to a computerized ''subversion check.''[25] Beit-Hallahmi, in an 1983 interview, commented on the Israeli-developed computer system that can zero in on buildings using large amounts of electricity and water at night: ''The idea is that in a building in Guatemala City where electricity is used at night there is some sort of clandestine meeting going on or an illegal printing press operating.''[26] While the technology for this operation was provided by Israel, it is likely that its usage was taught by Chilean and Argentine advisers. Shortly after the Guatemalans acquired this new technology, a number of guerrilla safe houses in the capital city were discovered during the summer of 1981.[27]

Civil defense, Guatemala



Jean-Marie Simon

ISRAEL DENIES PROVIDING ADVISERS TO Guatemala. Ambassador Dayan commented: ''Maybe there are Israeli persons here, but they are not with the Israeli Army and not with the embassy. We do not have even a military attache and we do not have advisers here.''[28] The Guatemalans, however, are less circumspect. Gen. Benedicto Lucas García claims ''Israel provided us with advisers who helped us use the military equipment we purchased from Israel.''[29] Israelis have also worked closely with Guatemalan military intelligence (G-2).[30]

There are also numerous other reports of Israeli trainers in Guatemala. CBS News and *The New York Times*, citing State Department and U.S. intelligence officials, have stated that the Israelis have provided intelligence assistance.[31] Guatemalan soldiers have been trained in Israel; others have been instructed at home by Israeli personnel.[32] In March 1982, Gen. Ríos Montt told an ABC reporter that the military coup which put him in power had gone off smoothly ''because many of our soldiers were trained by Israelis.''[33] At the time of the takeover, Tel Aviv newspapers reported there were 300 Israeli advisers in Guatemala.[34] There has been no authoritative figure of the number of Israeli personnel in the country since that time.

In the 1960s when Guatemala was first confronted with a strong guerrilla movement, the military was making use of counterinsurgency skills ''made in America.'' The tactics involved civic-action programs (feeding people and building roads in areas of guerrilla activity); death-squad terror designed to discourage participation with the guerrillas and to obtain information; as well as more traditional military tactics. The campaign was successful and the movement was seriously, if temporarily, set back. But by the early 1970s, the guerrilla movement resurfaced and developed its strongest base among Indians, who were basically untouched by the 1960s insurgency.

After 1977, when Washington no longer provided training, the Guatemalans adapted U.S. counterinsurgency manuals to their own reality, and launched a massive new campaign against the guerrillas. It is in the counterinsurgency effort in the countryside that the Israeli contribution has been the most pronounced.

ISRAEL WAS NOT THE ONLY COUNTRY Guatemala turned to when U.S. aid was reduced. Argentine and Chilean personnel gave advice, mainly in urban counterinsurgency and police intelligence.[35] Taiwan, South Korea and Portugal sold ammunition. Switzerland provided training aircraft which were

Jean-Marie Simon

Galil Training in Guatemala

quickly converted to military use.[36] Training in psychological warfare came from Taiwan.[37] South Africa is reportedly advising on resettlement aspects of counterinsurgency.[38]

However, Israel—which provided the bulk of aid and advice—earns the greatest admiration. In a 1985 interview, a Guatemalan military officer commented: ''Israel gave us the initial support that we need to face the problem of subversion. Israel offered courses, texts and documents that explained why the United States and Great Britain failed in Indochina and Malaysia.''[39] In 1985 Guatemalan Army Col. Byron Lima, now commander of the military base at Poptun, told a *Wall Street Journal* reporter that he ''greatly admires the Israelis as 'warriors' and hopes that his own countrymen will become more like them.''[40]

While providing arms and advisers, the Israelis do not dominate the war effort, as the United States attempts to do in El Salvador. The Guatemalans know *what* they want to do; the Israelis tell them how to better accomplish their aim. In facing a broad-based popular movement, the Guatemalan military has come to resemble the Israelis on the West Bank and Gaza: it is an occupying Army. The military must use both force to stop dissent, and also plan for long-range social control. Thus Israel's own model provides a prototype for solving the Guatemalan military's problems.

Indeed, Guatemalan officers have been told by their Israeli counterparts and trainers to ''treat the Indians like we treat the Palestinians—don't trust any of them,'' according to one source.[41] The Guatemalan Right once spoke freely of the ''Palestinianization'' of Guatemala's Indians who comprise more than half of the country's population.[42]

It is no secret that many Guatemalan military technicians have been trained in Israel. Col. Eduardo Wohlers, a leading figure in the counterinsurgency-pacification effort who was recently named head of the Air Force commented ''The model of the kibbutz is planted firmly in the minds of my officials. I think it would be fascinating to turn our highlands into that kind of system.''[43] While officers point to the kibbutz model, the Guatemalan application in ''model villages'' is a perversion of the Israeli kibbutz, ''where everyone is expected to work and share equally in the decision making,'' and it is by no means the only example employed in the design and construction of Guatemala's ''model villages.''[44] The Guatemalans are familiar with efforts toward massive social control such as in South Africa, the ''strategic hamlets'' employed by the United States in Vietnam and the French experience in Algiers. As military officials point out, Israeli military advisers teach courses about other counterinsurgency experiences. Whatever the model, the forced relocation of hundreds of thousands of Guatemalans can only be seen as a massive effort at social control.

BEYOND PROVIDING ARMS, TRAINERS and technology, Israel was involved in the financing and development of Central America's only arms and munitions factory, which produces Galil rifles.[45] In a 1986 interview in the Tel Aviv daily, *Ha'aretz*, Gen. Benedicto Lucas García said Israeli ''advisers set up a munitions factory for us and after building it, trained us to operate it. But now the factory is being run by Guatemalans.''[46]

The earliest reports of the existence of a munitions plant were vehemently denied.[47] Yet by December 1983, the head of Army public relations, Col. Edgar D'jalma Domínguez, commented: ''When the United States cut off our aid, we were forced to look for solutions, so we began by making bullets and rifle parts.''[48]

Located in Santa Cruz Verapaz, Alta Verapaz, about 125 miles north of Guatemala City, the munitions plant was was originally intended to make only ammunition.[49] Now the factory produces 70% of the parts needed to manufacture Israeli-designed Galil rifles, as well as mortars and an armor-plating process for military vehicles.[50] A combat tank produced in the plant, called the Armadillo, is reportedly resistant to guerrilla land mines.[51] D'jalma Domínguez has said the factory will one day build grenade launchers. ''Little by little, we will be able to supply all our own arms.''[52]

TO WHAT EXTENT HAS GUATEMALA aided the Israelis in providing military supplies to the *contras*? Due to the complex and secret nature of the arrangements, the precise connection will never be known. It *has* been confirmed that Israel shipped arms through Portugal to Central America. An essential component in the laundering process of clandestine arms deals are ''end-user certificates''—documents which state that a particular country is the final destination for weapons. Testifying at congressional hearings on May 12, former national security adviser Robert C.

McFarlane confirmed that Guatemala had signed false end-user certificates covering the purchase of nearly $8 million worth of munitions to be delivered to the Nicaraguan Democratic Force (FDN).

National Public Radio reported on December 6, 1986 that the *contras* received aid from Israel through the Honduran and Guatemalan militaries, and that recent contacts in Israel between *contra* leaders and the Israeli government were unusual since they normally occurred at the Israeli Embassy in Guatemala City.

There is no doubt that while in office Generals Oscar Mejia Victores (1983-1986); Rodolfo Lobos Zamora, now ambassador to Panama; and César Augusto Cáceres Rojas, recently appointed chief of staff, were in a position to broker between the *contras* and Israel. Cáceres Rojas' signature was found on eight end-user certificates of *contra*-bound weapons.[53] An earlier report in the European and Guatemalan press placed the number of shipments at 15 and said the arms were from Israel.

The use of Guatemala as a trampoline for weapons to the *contras* violates President Vinicio Cerezo's policy of "active neutrality." The extent of involvement remains a question. Did Israeli weapons actually pass through Guatemala? Were end-user certificates signed by Guatemalan officials with the weapons going to Honduras or El Salvador for use by the *contras*? Were Southern Air Transport planes filing flight plans for Guatemala while actually landing at El Salvador's Ilopango air field? Congressional hearings and disgruntled *contras* could fill in the details.

There is no question that Israel has been instrumental in enabling Guatemalan security forces to carry out a more efficient counterinsurgency policy. Quite simply, Israeli aid makes it easier for the military to implement its police-state agenda. They have provided key advice, technology, war materiel and industrial capability. Difficulty in documenting specific arms sales cannot hide the now manifest reality that the Israelis have been able to outfit the entire Guatemalan Army, from helmets to standard-issue automatic rifles. The Guatemalans do not hide their gratitude.

From 1977 to early 1986, the Israelis were supporting a government that was among the world's worst human rights violators, that met any opposition with death threats, where military and paramilitary death squads operated with impunity and where the democratic aspirations of a people were systematically repressed. Although the new civilian government of President Vinicio Cerezo has pledged to curb security force abuses, it has made little progress.

The Israelis deny some aspects of their involvement, have no comment on other parts and explain away the rest by citing their "special relationship." The bottom line is that Israel contributes to Guatemalan state terrorism through its aid and advice. When asked why Israel—in view of the U.S. arms embargo—sells weapons to Guatemala, an Israeli Embassy official in Guatemala told a U.S. journalist: "We would rather sell them toys, I assure you, but it is weapons they want to buy, and we have to keep making weapons to remain an efficient source of supply for our own Army."[54] As long as Israel continues to supply weapons and advice to retard the development of democratic forces, one can safely assume that many Guatemalans will increasingly view Israel as an enemy.

ALTHOUGH IT IS DIFFICULT TO PREDICT future Israeli military involvement in Central America, it seems clear that the Israeli role is growing. The Israelis need export markets and wish to preserve their diplomatic advantage as Washington's "strategic asset." Israel is motivated by its own survival instincts; events in Central America are really of little importance.

But the Israeli view is shortsighted. Israeli arms, advice and war-related technological assistance to the region are deadly to Central Americans and may prove detrimental to Israel's long-term national interests. As one long-time observer put it: "The tyrannies which count Israel among their benefactors will not last forever, and thus make unreliable allies, while Israeli participation in the brutality perpetrated by these regimes is not easily forgotten by its victims."[55]

The secretive Israelis are top-notch military professionals whose involvement in Central America helps accomplish Washington's policy goals without provoking opposition in the United States. If the Israeli role is not discussed openly and honestly, U.S. Administrations will continue to exploit the issue's sensitive nature, further discouraging debate of U.S. policy. ■

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Israel: The Contras' Secret Benefactor

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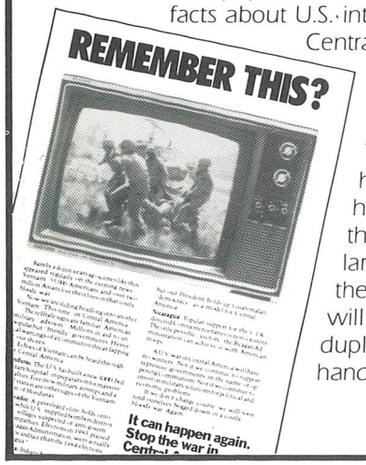

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